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Austria	Sch22	Iran	[illegible]	Philippines	[illegible]
Bahrain	[illegible]	Israel	[illegible]	Portugal	[illegible]
Belgium	[illegible]	Italy	[illegible]	Qatar	[illegible]
Canada	C$1.00	Japan	[illegible]	S.Arabia	[illegible]
Cyprus	[illegible]	Jordan	[illegible]	Singapore	[illegible]
Denmark	DKr10.[illegible]	Kuwait	[illegible]	Spain	[illegible]
Egypt	E£2.25	Lebanon	[illegible]	Sri Lanka	[illegible]
Finland	FmK7.00	Lux	[illegible]	Sweden	[illegible]
France	FFr7.00	Malaysia	[illegible]	Switz	[illegible]
Germany	DM2.30	Mexico	[illegible]	Taiwan	[illegible]
Greece	Dr120	Morocco	[illegible]	Thailand	[illegible]
Hong Kong	HK$12	Neth	[illegible]	Tunisia	[illegible]
Iceland	Ikr125	Nigeria	[illegible]	Turkey	[illegible]
India	Rup15	Norway	[illegible]	UAE	[illegible]
Indonesia	Rp3100	Oman	Or1	USA	[illegible]

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,781 Tuesday February 28 1989 D 8523A

CHICAGO
The emergence of 'Boss' Daley Jnr
Page 3

World News

Last-minute campaign launched to save Tower

President George Bush, returning from his Asian tour, will launch a last-minute campaign today to salvage his nomination of Mr John Tower as US Defence Secretary. A senior White House official conceded that the President faced an uphill battle to persuade the Democrat-controlled US Senate to confirm Mr Tower. Page 18

Nakasone denial

Yasuhiro Nakasone, former Japanese Prime Minister, denied allegations that he played a key role in the Recruit financial scandal, in his first public statement about the affair. Page 4

W Bank sealed off

The Israeli army ordered the occupied West Bank and Gaza Strip sealed off to prevent unrest from spreading during local elections today. The 22-hoor closure followed the stabbing of an Israeli border policeman and the shooting of at least 17 protesters. Page 4

Fang appeal to US

Leading Chinese dissident Prof Fang Lizhi, focus of a diplomatic incident when police barred him from a banquet given by President Bush, urged Washington to take a stronger stand on human rights in China. Page 4

Khartoum PM's plea

Prime Minister Sadeq al-Mahdi told Parliament he would step down next Sunday unless the armed forces gave him a free hand to form a new government and work for peace in south Sudan. Page 4

Comecon postponed

Comecon summit meeting of Communist Party and government leaders scheduled for next month in Prague has been postponed because of growing differences about reforming the economic and trade group. Page 2

UK pact offer

Attempts by Mr Paddy Ashdown, the UK's Social and Liberal Democrat leader, to forge a limited electoral pact with the rival Social Democratic Party drew a cool response from Dr David Owen, the SDP leader. Page 9

N Ireland car bomb

A retired Northern Ireland policeman was killed when a booby trap bomb exploded under his car. Police said he was the 13th person to die so far this year in the province's sectarian and political conflict.

Lusaka talks

The long-term implications of the Winnie Mandela affair on the African National Congress and the "liberation struggle" were at the centre of talks in Lusaka between the exiled ANC leadership and leaders of the internal United Democratic Front and the Congress of South African Trade Unions. Page 4; Background, Page 18

18 die in gem raid

Gunmen raided a farm north of Bogota, Colombia, massacring a top gem dealer and 17 other people in what police said was a battle for control of the country's lucrative emerald mines.

Eldridge dies

Roy Eldridge, one of the great innovators of the jazz trumpet, died at the Franklin General Hospital, Long Island, at the age of 78, three weeks after the death of his wife.

Business Summary

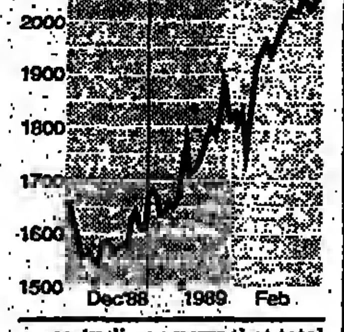
GEC-Marconi investigation leads to four arrests

INVESTIGATIONS lasting two years into alleged overcharging by the GEC-Marconi defence group in contracts with the UK Ministry of Defence culminated with the issuing of summonses against three of the group's companies and the arrest of three former senior executives and one current employee. The moves follow a series of allegations into contracts estimated to be worth £3.5bn ($6.1bn). Page 9

ZINC prices edged further ahead on the LME yesterday, with cash high grade closing at a record $2,085 a tonne. Traders said the market was steady for most of the day after an early dip on news that total stocks of zinc in LME warehouses rose 5,450 tonnes last week, mainly because of an influx of special high grade metal. Commodities, Page 28

Zinc

Cash metal ($ per tonne)



KRAFTWERK UNION (KWU), West German power station builder owned by the Siemens electrical group, is discussing possible nuclear co-operation with Framatome, French manufacturer of pressurised water reactors (PWRs), according to Mr Klaus Barthelt, KWU's chief executive. Page 19

UK GOVERNMENT took a big step towards the privatisation of Short Brothers, Belfast aerospace group, by taking over the company's £390m ($684m) debts with the commercial banks. Page 9

PUMA, West German sports shoe and clothing company, has sold its US operation to the local management to ensure quicker reactions to changing transatlantic market trends. Page 19

CO OP, troubled West German food retailer which is now majority owned by four international banks, might have to eliminate 2,500 jobs from its workforce of 49,000 as part of the rationalisation strategy. Page 19

GENERAL DYNAMICS, manufacturers of US Abrams series of tanks, has chosen Smiths Industries, British aerospace and instrumentation group, to develop a positioning and navigation system for its next model, the M1A2. Page 6

AMSTERDAM-ROTTERDAM Bank, second largest bank in the Netherlands, enjoyed a robust 22.5 per cent rise in 1988 earnings, thanks to buoyant lending and the sale of a subsidiary. Page 22

MATSUSHITA ELECTRIC Industrial, largest Japanese consumer electronics group, reported an 8 per cent increase in consolidated sales to Y1,511bn ($12bn) in the third quarter to December. Page 22

COMALCO, Australian aluminium group which is 67 per cent owned by CRA, said it would spend A$1bn ($824.5m) in the next three years to upgrade its plants and boost capacity. Page 22

AKER, one of Norway's largest diversified companies, has been forced to pass its dividend payment on 1988 results because of a major offshore construction contract for a North Sea platform which went awry and losses in the property sector. Page 20

Bush winds up Far East tour with warning on trade

By Peter Riddell and Maggie Ford in Seoul

US PRESIDENT George Bush yesterday delivered a strong warning on trade barriers and a reassurance on defence commitments to South Korea during a brief stopover in Seoul at the end of his six-day tour of the Far East.

Mr Bush's advisers regard the hectic trip as having been successful in cementing US relations with Japan, China and South Korea and in underlining the increased importance the US attaches to the Asia-Pacific region.

In a wide-ranging speech to the National Assembly in Seoul, the first made abroad since his inauguration, Mr Bush, said: "Protectionism is fool's gold. Nothing will stop the engine of Korea's economic growth faster than new barriers to international trade."

Mr Bush also sought to strengthen the development of democratic political institutions in South Korea – "the surest means to build the national consensus that is the foundation of true security" – and to provide reassurance about US intentions. He said there were no plans to reduce US forces in Korea, where 43,000 American troops are stationed, as long as they were needed to maintain peace and stability.

Earlier, during talks with President Roh Tae Woo of South Korea, Mr Bush had emphasised this commitment, saying that he hoped confidence-building measures proposed by the US, similar to those that had worked well in Europe, would be adopted on the Korean peninsula.

Hostile troops still confront each other on the Korean border in one of the world's last remaining cold-war flashpoints.

In his National Assembly speech, Mr Bush also supported Seoul's attempts to pursue dialogue with the communist North and other Eastern bloc countries, including the Soviet Union and China.

He praised the country's progress as a democratic state and as an economic power, but said it now needed to show economic responsibility. In both his assembly speech and in talks with President Roh Tae-Woo, Mr Bush stressed the need for opening up markets in South Korea, the seventh largest US trading partner.

The long section of his speech on trade barriers was obviously aimed both at his Korean audience and at the US Congress, many of whose members have been highly critical of South Korea's trading practices. Noting the progress which had been made in reducing tariffs, Mr Bush argued that much more needed to be done if the two countries were "to keep our bilateral relationship growing even stronger."

The US has already noted South Korea as a potential unfair trading nation under the Omnibus Trade Bill and has brought strong pressure on Seoul to revalue further its currency and allow more imports. Mr Bush noted that South Korea's success had made it a model for other developing countries attempting to boost exports.

He said that "as an emerging economic leader" South Korea inevitably shouldered important responsibilities to ensure the continued strength and stability of the global marketplace. These included the need to open domestic markets and to adopt appropriate international financial and exchange rate policies.

Mr Bush had received a relatively cool reception in South Korea, a country that has been one of the US's strongest allies. About 10 members of parliament boycotted Mr Bush's speech. Throughout the capital, while some streets were decked with bunting, riot police on duty to prevent demonstrations outnumbered pedestrians.

Campaign to salvage Tower nomination, Page 18; Tough human rights stand urged, Page 4

Hitachi acquires route to US market with GM link

By Louise Kehoe in San Francisco and Stefan Wagstyl in Tokyo

HITACHI of Japan and Electronic Data Systems, a subsidiary of General Motors, are to form a joint venture in the US to acquire National Advanced Systems, the computer marketing arm of National Semiconductor, for $398m.

The acquisition will provide Hitachi, one of the leading Japanese electronics groups, with a direct marketing channel for its computers in the US for the first time. It also demonstrates the way in which Japanese companies are using corporate acquisitions to strengthen their overseas marketing activities.

Previously, Hitachi has sold its mainframe computers, which compete directly with those of IBM, through NAS in the US.

The deal follows the termination of negotiations between the semiconductor manufacturer National and Memorex Telex, a computer peripherals company based in Amsterdam, which had planned to acquire a 50 per cent stake in NAS.

"Several aspects of financing that agreement proved to be more difficult than any of us had contemplated," National Semiconductor explained. While Memorex and National were working on this issue, Hitachi apparently made its offer for NAS.

With annual sales of $900m, NAS is the second largest supplier of IBM-compatible mainframe computer systems. The company markets mainframe and disk drive systems manufactured by Hitachi in Japan, and represents the largest overseas seller of Hitachi computers.

Hitachi and EDS, a computer services company, will form a joint US company that will be 80 per cent owned by Hitachi. They plan to sell NAS's European operations to Comparex Informationssysteme of West Germany for a price yet to be decided, Hitachi said.

Comparex, a joint venture owned 66.5 per cent by BASF and 33.5 per cent by Siemens, sells Hitachi mainframe computers in Europe. Hitachi then plans to discuss buying a stake in Comparex as well.

National Semiconductor has been seeking a buyer for NAS for several months. The company's profit margins have been under severe pressure due to price competition with IBM, Amdahl and others, while the rising value of the yen has forced up its costs.

Under the terms of the agreement, National Semiconductor will receive $398m, payable in cash at the close of the transaction. The sale is subject to a definitive agreement by all parties. National said it expected to reach a definitive agreement by March 31 and the transaction to close by late April.

Although the Hitachi EDS bid for NAS places a lower value on NAS, the terms of the offer were considered more favourable because they provide National with an immediate cash payment, National said.

Memorex had agreed to pay $250m for a 50 per cent stake in NAS and in addition to transfer 4m shares of Memorex Telex to National.

Yugoslav troops sent to mine

By Judy Dempsey in Vienna

YUGOSLAVIA'S state Government yesterday sent troops to a zinc mine in the southern province of Kosovo where about 1,000 ethnic Albanian miners have been leading a general strike for the past week.

The country's highest constitutional body announced the action as one of several emergency measures to prevent a breakdown of law and order in the province. Eyewitnesses said armoured vehicles moved out of a barracks in the Kosovo capital, Pristina, towards Mitrovica, where the miners were staging a sit-in strike 1,000 metres underground at the Trepca zinc mine.

The miners, whose protest triggered a general strike by Albanians in Kosovo, had rejected pleas and threats from Yugoslav state and party leaders to leave the mine, where they have been on strike since last Monday.

The government move came after the miners had dealt a blow to the ambitions in the province of Mr Slobodan Milosevic, the Serbian leader, when they forced the resignations of Mr Husamedin Azemi, the party boss of Pristina, and of Mr Rahman Morina, Kosovo's party leader. It is expected that Mr Ali Sukrija, a member of the local Politburo, will also resign. All three men are supporters of Mr Milosevic.

The miners, many of whom are also on hunger strike, are protesting about Serbian control of the province. Their action has been supported by transport workers. While Kosovo has remained constitutionally linked to Serbia since 1974, it began to enjoy a wide degree of autonomy when the late President Tito carved Kosovo out of Serbia with the expressed aim of curbing Serbia's dominance in the federation.

But since Mr Milosevic took over the Serbian party leadership in 1987, he has exploited the fragile relationship between the ethnic Albanian majority and the Serbian minority in Kosovo.

Continued on Page 18

Row over 'poaching' threatens EC pact on fishing

By Tim Dickson in Brussels

THE FRAGILE consensus which has marked the European Community's common fisheries policy for the past six years is about to be threatened by a bitter "poaching" row involving Britain, Spain and the European Commission.

The crisis has arisen because of growing impatience in London at the manner in which Spanish owned and operated fishing vessels have been registered by their proprietors as British in order to take advantage of the UK's national fish quotas.

This controversial practice – known in EC jargon as "quota hopping" – will shortly be outlawed under Britain's Merchant Shipping Act which specifies that boats entered on a newly created British Fishing Vessel Register must belong to companies whose shareholders and directors are at least 75 per cent British.

The legislation has infuriated the Spanish Government, whose fishing vessels represent roughly one third of the entire Community fleet and employ between 100,000 and 150,000 people directly.

The Merchant Shipping Act has also run foul of the Brussels authorities which have decided to start legal proceedings against the British Government for allegedly breaching Community law by putting restrictions on fishing boat owners on nationality grounds.

According to experts in Brussels, the quota hopping issue is likely to prove one of the most difficult to resolve since the common fisheries policy and the system of Total Allowable Catches (divided up into national quotas) was painstakingly negotiated by the European Community in 1983.

The problem, which has frequently been raised in Brussels by the Irish Government as well as by the authorities in London, has been exacerbated by the depletion of key Community stocks through persistent overfishing.

The Ministry of Agriculture estimates that bona fide British fishermen effectively "lost" £17m ($29.6m) of fish in 1987, and that roughly 150 vessels owned by so-called "brass nameplate" companies of mostly Spanish origin are now involved.

In addition, Britain and Ireland argue, because many boats never land at "home" ports or even enter "home"

Continued on Page 18

Interest rates under pressure as pound falls

By Simon Holberton, Economics Staff, in London

SPECULATION that UK interest rates will have to rise again intensified yesterday as the pound fell sharply during foreign exchange trading despite four bouts of intervention by the Bank of England.

At the close in Europe, the pound was 2¼ pfennigs lower against the D-Mark and nearly one cent down against the dollar, itself weaker against the D-Mark on fears of another rise in West German interest rates.

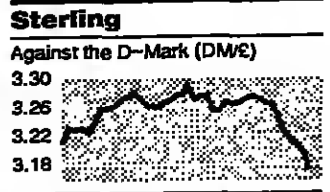
The Bank's frequent interventions, which were described as modest in scale, proved ineffective in arresting sterling's fall. So far, the Bank has not attempted to inflict substantial losses on foreign exchange traders through large-scale intervention.

The pound, as measured by a basket of currencies reflecting the UK's most important trading partners, ended at its lowest level since October 30 last year when bank base rates were at 12 per cent. The Bank's trade-weighted sterling index was 0.8 down at 95.7; against the D-Mark it closed at DM3.1700 and at $1.7450.

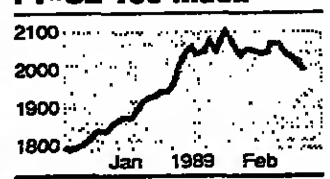
UK financial markets were unsettled by the fall and retreated on fears that bank base rates would have to rise from their current level of 13 per cent to defend the currency. Both equities and UK government bonds – gilts – closed lower, with the FT-SE 100 Share Index ending below the 2,000 level for the first time since January 26. Gilts were down ½ a point for longer-dated maturities.

Sterling

Against the D-Mark (DM/£)



FT-SE 100 Index



The FT-SE 100 closed 22.8 lower at 1,996.7. It moved upwards through the 2,000 barrier on January 27, when the market was encouraged by better than expected December trade figures. The FT Ordinary Share Index ended 19.2 lower at 1,644.2.

The trade figures for January, out tomorrow, are seen as critical for the short-term value of the pound and markets. Analysts said that if January's current account deficit was worse than the expected £1.5bn ($2.6bn) the pound could fall sharply and a rise in official interest rates be required.

Continued on Page 18

World trade growing by 8.5 per cent, says Gatt

By William Dullforce in Geneva

THE VOLUME of world trade in goods grew by 8.5 per cent last year, outstripping both the 5.5 per cent increase of 1987 and the 5 per cent forecast made only six months ago by the General Agreement on Tariffs and Trade (Gatt).

The unexpected spurt marked the fourth consecutive year of accelerating trade growth, Gatt said yesterday in its preliminary report on international trade in 1988-89.

The world appeared to be enjoying a combination of expanding trade opportunities, generated partly by technological change and favourable governmental economic policies, it said. Other factors included strong business investment and moderate inflation.

The expansion seemed to be continuing, it added. This year merchandise trade – which groups trade in manufactures, mining products including oil, and farm goods – could record another year of growth "well above" the average so far for the decade of about 4 per cent.

In value terms, world merchandise trade increased by 14 per cent to a record $2,840bn in 1988.

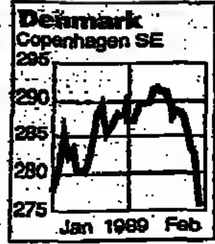
For the third year running, West Germany was the biggest exporter with a total of $323bn, with the US close behind with a 21.5 per cent surge in volume to $322bn. Japan, with exports of $265bn, was third.

On the imports side, the US remained far ahead with a world share of 15.6 per cent valued at $459bn, against West Germany's $251bn and Japan's $187bn.

Details, Page 6

MARKETS

Denmark
Copenhagen SE



INTEREST RATES
US lunchtime
Federal Funds 9$\frac{15}{16}$% (9$\frac{1}{2}$)
3-mth Treasury Bills: yield: 8.989% (8.943)
Long Bond: 96$\frac{19}{32}$ (96$\frac{27}{32}$)
yield: 9.17% (9.179)
London
3-month interbank: close 13$\frac{3}{8}$% (13$\frac{1}{8}$)

STERLING
New York lunchtime
$1.73975 (1.7565)
London:
$1.7450 (1.7530)
DM3.1700 (3.1950)
FFr10.795 (10.8900)
SFr2.7075 (2.7275)
Y220.75 (221.25)

DOLLAR
New York lunchtime
DM1.81975 (1.8185)
FFr6.1970 (6.195)
SFr1.55325 (1.55275)
Y126.625 (126.1)
London:
DM1.8170 (1.8230)
FFr6.1875 (6.2125)
SFr1.5520 (1.5565)
Y126.50 (126.25)

GOLD
New York latest
Comex April
$390.5 (392.6)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av.
2,247.32 (+1.78)
S&P Comp
287.27 (+0.14)
London:
FT-SE 100
1,996.7 (-22.8)
World:
145.15 (Fri)
Tokyo
Nikkei Ave
32,285.77 (-166.72)
Frankfurt
Commerzbank
1,595.7 (-18.8)

OIL
Brent 15-day (Argus)
$17.35 (+0.47) (March)
West Tex Crude
$18.257 (+0.4) (April)

CONTENTS

The lost generation of black South African youth

The spiral of violence centred on Mrs Winnie Mandela's personal bodyguard, the "Mandela United Football Club," has cast a harsh spotlight on a lost generation of black South African youth
Page 18

EC states move towards deal on TV regulations

By William Dawkins in Brussels

EUROPEAN Community member-states were last night moving towards a compromise over plans for common EC TV broadcasting rules.

Support was growing at a meeting of the Community's 12 Trade and Industry Ministers for a compromise being prepared by Mr Pedro Solbes, the Spanish Minister chairing tha session, in a bid to heal a rift hetween northern and southern memher-states over how far to discriminate in favour of European-made TV programmes.

Officials said it could pave the way for an accord on a Enropean Commission proposal guaranteeing TV programme makers' right to have tbeir works hroadcast anywbere in the EC provided they include a certain European content – the most ssnsitive part of the plan – and observe minimum quality and moral standards.

Agreement would defuse a battle for influence on tbe future of hroadcasting between the Brussels executive and the 22-member Council of Europe, though it would mean a hig concession from the Commission.

Ambassadors to the Strasbourg-based Council are due to meet today to discuss the body's own rival hroadcasting proposals, on which the Spanisb EC compromise appears based.

Transmissions made up of a majority of European programmes "wbere practical" should get free transmission, under the Council plan – a proposal much softer than the Commission's earlier insistence on a legally binding 60 per cent European content.

The Commission's plans for EC programme quotas have aroused opposition from Britain and the Netherlands, whicb argue that imposing quotas for Enropean programme content is the last way to deregulate broadcasting in the run-np to 1992.

France, Italy and most soutbern countries – except Portugal – argued that quotas were needed to give broadcasters breathing space to improve competitiveness.

Spanish officials were still drafting their compromise last night, the outlines of whicb were tabled by Mr Solbes, so a definitive accord was unlikely.

"It looks as if the EC is edging towards consensus," said one official. But the principle of the Spanish plan appeared to be to allow member-states great individual flexibility on European programme content.

Some ministers were also driven by the knowledge that failure to find a common position meant the debate could shift to the Council of Europe, a majority of which is less sympathetic to the southern member-states' wish for specific safeguards for European programme content.

Food additives stick in European ministers' throats

By Tim Dickson in Brussels

EUROPE'S so far halting progress towards a single market in food came unstuck again yesterday over the surprisingly delicate issue of how to deal with karaya gum, polysorbates and soyabean oil.

These three additives or "emalsifiers" – commonly used in the baking and confectionery industries to provide the special texture of products like British pork pies – were put on the menn of a meeting of European Community internal market ministers. The ministers were considering a proposal from the European Commission that they should be freely anthorised for use throughont the Community.

The idea is in line with Brussels' so-called "new approach" to food law whereby member states cannot ban imports from another EC country provided the product in question is properly labelled, and provided it poses no risk to the consumer. In this case the three additives have been examined by the EC's scientific committee for food and been given, as it were, a clean bill of health.

At yesterday's council meeting, however, this argument did not impress the Italian, Greek and West German ministers, who persuaded a majority of their colleagues to accept a compromise solution that the three emulsifiers should continue to be subject to national anthorisation until 31 December 1991, when the issue would be looked at again.

Britain, Ireland and the Netherlands voted against what Mr Francis Maude, the UK minister, described as "this non-communautaire proposal" but their votes were insufficient to form a blocking minority.

Yesterday's decision is an indication of the national sensitivities which can be aroused by the subject of food and will be seen by some as a sign that the Community's appetite for a single market in the sector is far from guaranteed.

The new approach to food law is strongly rooted in the judgments of the European Court of Justice – confirmed most recently by cases involving West German beer and sausages and Italian pasta – but while political progress took a great leap forward last year when member states approved five vital "framework" directives, tough and detailed negotiations on individual additives, labelling rules and materials for food wrapping have not seriously begun.

Compaq plan for second plant in Europe

By James Buxton, Scottish Correspondent

COMPAQ, tha US personal computer manufacturer, is studying plans to huild a second European plant to supplement its facility in Erskine, near Glasgow, Scotland.

The company is studying several options, hut appears likely to huild the plant near Munich, West Germany, where it is seeking a large high quality site for its international headquarters.

The six-year-old company, with sales last year of $2.1bn, would like the plant to be onstream in time for the European internal market in 1992.

Compaq believes it is set to become the leading challenger to International Business Machines in the European personal computer market.

Recent data from Intelligent Electronics Europe, the Paris market research consultancy, gave Compaq 7 per cent of the European market last year, compared with IBM at 26 per cent.

Mr Eckhard Pfeiffer, senior vice-president of international operations, said in Scotland yesterday be believed Compaq's fourth-quarter prodnct shipments showed the highest growth of any personal compnter manufacturer in the European market.

Compaq's international sales rose to $809m last year from $325m in 1987 – an increase of 149 per cent, three times faster than tha growth of the market itself. Europe accounted for 90 per cent of international revenues, with the UK contributing 30 per cent. The three biggest markets, the UK, France and West Germany, contribnted more than 60 per cent of total international revenues.

Some 39 per cent of Compaq's international sales last year were snpplied from Erskine, and the proportion is expected to reach 60 per cent this year. The 260,000 sq ft Scottish plant was completed last summer, 18 months ahead of schedule.

Mr Rod Canion, Compaq's president, said part of the company's recent sncess in Europe was the result of "having the team in place so that we were able to build to meet the demand. Without the Scottish plant we would not have been ahle to meet the European demand."

The Scottish plant, Compaq's only overseas personal computer factory, was announced in November 1986 and its first phase completed a year later.

Mr John Dolan, the plant's managing director, said the facility was working at full capacity.

Studies are in hand to raise effective capacity by reorganising manufacturing lines, testing facilities and inventory management. The plant, which cost £21m, employe 500 people.

Michelin allows just a pinch of nouvelle to mark 80 editions of a family favourite

Paul Betts savours a bumper edition of the Red Guide

EVERY year at around this time there is an acute sense of nervous anticipation in the excitahla world of French gastronomy.

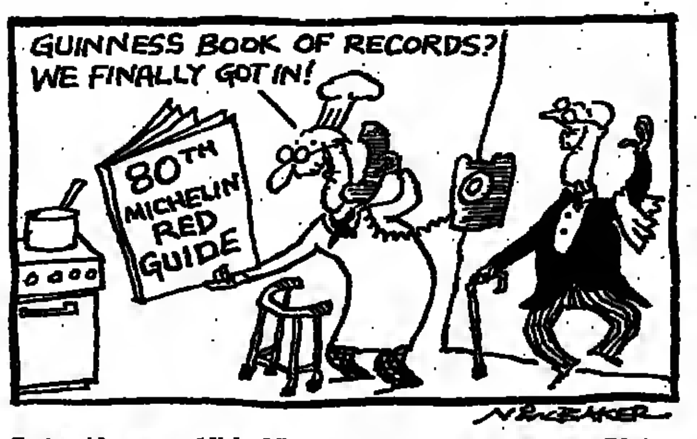
This year is no exception, as the food industry prepares for the publication next week of the new edition of the Michelin Red Guide, which sells a staggering 1.5m copies a year and makes or unmakes the reputations of the greatest chefs.

This year, however, is likely to mark a turning point in the history of what has become one of the most extraordinary pnblishing encess stories of the century. To celebrate the 80th edition of the famous Red Guide, Michelin is reprinting the original guide of 1900, free with every copy of the 1989 guide.

Bnt the secretive French tyre company, which since the beginning of the century has missed editions only during the war years, has adapted its bestseller to modern times. This summer, the 4.2m subscribers of the popular French Minitel videotex service operated by the French telecommunications anthority, France Telecom, will be able to consult the guide and all other Michelin maps and travel data on their small Minitel computer screens.

And Michelin is already working on a computerised road travel information system which will be integrated in the electronic dashboards of the cars of the future.

"We think that all these developments are a fitting tribute to what has been one of the great brainwaves of the century," says Mr Aimé Bloton, the head of Michelin's Paris office, where the company's guide book and road map activities are based. "What is extraordinary is that the philosophy of the business is the same today as in 1900 when the first guide was published."



In 1900 the Michalin brothers, Edouard and André, wanted to promote the name and quality of Michelin around the world, provide a service to motorists and help develop road travel. "It was never intended to be a source of profit for the company although we clearly try to manage these activities as efficiently as possible."

Michelin sells 17.5m publications a year ("one every two seconds," says Mr Bloton) with its red guides, green tourist guides and road maps. The company is as secretive about its publishing business as it is about its tyre manufacturing activities. Bnt Mr Bloton grudgingly discloses that the guides and maps employed ahont 300 people and accounted for between one and two per cent of Michelin's total annual sales of about FFr50bn (£4.5bn). But, he stressed, "the idea of the guides is not to make money".

In their introduction to the first guide, the Michalin brothers wrote in 1900: "This book comes in with the new century; it will last as long as it. Motoring has just begun, it will grow every year and with it the tyre. . . ." Mr Bloton remarks that the Michelin brothers had invented marketing "even before the word marketing was invented".

The original guide was designed to provide the new French motoring population with all the necessary information to make motoring easier.

"Yon must remember that travelling by car in those days was an adventure," Mr Bloton says. The early guides thus provided motorists with information not only about hotels, restaurants, but also abont where to find a doctor and the names of grocery stores which sold petrol before the advent of petrol stations. Michelin also asked motorists to write to the tyre group for information or to provide information.

"We provided custom-made maps for individuals free of charge. We were already an interactive service without customers. We then decided to pool all this wealth of information and started bringing out our road maps."

But it is the Red Guide which is the undoubted star of the Michelin publishing empire in France. Mr Bernard Naegellen, the man in charge of the Red Guide and a former Michelin food and restauranf inspector, says the guide will have colour maps for the first time this year. "We try to improve the publication all the time without changing its fundamental character. Last year, for example, we introdnced symbols to show hotels and restaurants with no-smoking areas as well as establishments serving meals for children," he said.

Michelin employs a "hrigade" of full-time inspectors travelling around France looking at 4,500 restaurants and 6,500 hotels. The company also has teams of inspectors in other countries where it produces a Red Guide, such as the UK and Italy. But Mr Naegellen will not disclose the number of inspectors. "That has long been a house secret," he smiles.

The inspectors look for consistency in a restaurant and hotel, he says. "The main criterion is whether tha food is good or not. A chef can do what he likes as long as what he produces is good. He can be very creative or very conservative. What counts is the quality," Mr Naegellen says.

Moreover, Michelin, unlike some of its smaller rival food guides, is not interested in setting new gastronomic trends. "Wa are not in the business of creating fashions. We want to provide a steady and reliable service to our readers. We don't just look at the top places. We are just as keen to spotlight small hotels and small restaurants with modest prices in the small towns and villages of the country."

Mr Naegellen acknowledges that the award or removal of good food rosettes is probably what excites and interests people most today.

For that, "you'll just have to wait until next Monday".

Consumer prices up in France

By George Graham in Paris

FRENCH CONSUMER prices rose by 0.4 per cent in January, taking the annual rate of inflation up to 3.3 per cent, from 3.1 per cent in December.

INSEE, the state statistical unit, said prices for food and services had risen fastest, climbing hy 0.5 per cent each last month. Manufactured prices rose hy only 0.3 per cent.

The Government's official target is to limit the inflation rate to 2.2 per cent this year, hut with the much steeper price rises in countries such as the UK and the US, or in January in West Germany, Freoch prices still appear relatively stable even rising at an annual rate of 3.3 per cent.

Mr Pierre Bérégovoy, the Finance Minister, said last week that part of January's price rise was due to taxation on petroleum products and to the rise in the oil price, adding that he did oot at the moment fear a renewal of inflationary pressures.

With West German prices climbing by 1.1 per cent in January, taking the annual rate to 2.6 per cent, the gap between French and German rates fell to 0.7 percentage points, the lowest seen in two decades.

Economic observers such as the Paribas investment bank, however, point out that hourly wage rates have started to accelerate, and productivity gains to slow, while the recovery of commodity prices removes another source of disinflation.

Paribas says signs of overheating are already appearing in the saturation of prodnction capacity and the improvement in employment, while France's trade deficit could accentuate the inflationary pressures.

Danes determined to keep their Nordic borders open

By Hilary Barnes in Copenhagen

DENMARK WILL not abandon the Nordic passport union in favour of free movement hetween Denmark and other European Community countries, Mr Poul Schlüter, the country's Prime Minister, said after a meeting of Nordic premiers in Stockholm.

The union, which has existed since the 1950s, allows Nordic citizens to move freely within the area witbout a passport. It also establishes a common passport border for entrants to the region, although foreigners are normally asked to show their passports wben crossing between Nordic countries.

However, there is a potential prohlem in connection with the EC's policy of open frontiers, since, if controls are abolished within the Community, Nordic citizens will have free entry to the EC as well.

Mr Schlüter said he saw the Nordic union as a sound basis for discussing with the EC how to ease frontier controls for botb people and goods. Denmark has already said that its high levels of indirect taxation will not permit it to remove frontier controls with the rest of the EC from 1992.

Commission plays marriage broker for Spanish business

By David Buchan in Brussels

THE EUROPEAN Commission is to play marriage broker this year to belp 220 companies from tbe southern Spanisb region of Andalucia find business partners in the rest of the Community.

Designed to foster cross-border link-ups, particnlarly among smaller companies, the "Europartnership" scheme started last year in Ireland and involves a form of computer dating followed by face-to-face contact. Prospective joint ventures involving the selected Andalucian companies are distribnted in catalogue form around the EC, with potential partners able to interview each other at a Commission-sponsored conference at Torremolinos on June 22-23.

Mr Claudio Aranzadi, tha Spanish Industry Minister, yesterday welcomed the Commission's choice for Europartnership '89

Norwegian union backs wage deal

NORWAY'S minority Lahour Government, which is struggling to ease the severe strains on tbe country's oil-driven economy, has won the support of the blue collar Norwegian Federation of Trade Unions (LO) for limiting this year's wage increases to a maximum of 3.7 per cent, writes Karen Fossli in Oslo.

This Friday, the Government will put forward a proposal for legislation to implement for tha second year running a wage and dividend freeze.

However, the settlement has met opposition from AF, the Federation of Norwegian Professional Associations.

Thatcher and Mitterrand fail to bridge differences over Nato nuclear missile

By Ian Davidson in Paris

THE DIFFERENCE of view separating Britain and France, over the contentious issue of the modernisation of Nato's short-range nnclear missiles, remained unbridged after yesterday's wide-ranging policy discussions between President François Mitterrand and Prime Minister Margaret Thatcher.

But the two leaders appear to have enjoyed once again a very friendly personal encounter, and both insisted, with conspicuous unanimity, on the usefulness of the meeting, and on the importance of the links between the two countries.

At their joint concluding press conference, Mrs Thatcher insisted that it was vital, amid the great uncertainties of developments in the East bloc, that the result of the forthcoming Nato summit in May should be "a strong, united alliance with its arms up-to-date".

Smiles at the summit: Mrs Thatcher and Mr Mitterrand at yesterday's news conference.

This was a clear if coded reiteration of the British and US thesis that the summit should take a decision of principle to develop a short-range missile to replace the ageing Lance in the mid-1990s.

In a speech to the Franco-British Friendship Group yesterday evening, Mr George Younger, Britain's Defence Secretary, echoed this theme when he said: "I attach particular importance at present to ensuring that our short-range nuclear forces can continue to play their part in Nato's strategy."

Mr Mitterrand adopted a markedly different line on the modernisation. If the Soviet Union were to modify this type of weapon, he said, there was no reason why Nato should not do the same, but he saw no reason for a precipitate decision.

He would discuss the issue with Chancellor Helmut Kohl at their next meeting before the Nato summit; hnt he described the choice as a sovereign West German decision.

At one point, Mrs Thatcher appeared to suggest that Britain and France would, or at least should, be working on the joint development of an air-launched nuclear-armed missile. Bnt diplomats cantioned that the impression given might well be premature.

Asked wbether there had been any discussion of nuclear military co-operation between ths two countrias, Mrs Thatcher said the two defence ministers had talked about this in separate meetings. Britain needed to replace its free-fall nuclear bombs with an air-to-surface weapon, but did not have a suitable weapon of its own.

"Wa would like to co-operate on the research and development of such a weapon," she said, "and include the US in that."

Mrs Thatcher said the meeting had been "a very good, warm, friendly summit", as was appropriate between two countries with similar interests and a mature relationship. She was echoed by Mr Mitterrand, who said this type of meeting was useful and profitable, not only at a personal level, but also because the two countries had a unique role in Europe, by virtue of history, geography and defence policy.

Mr Younger told the Franco-British Friendship group: "We must move rapidly forward with our efforts towards closer co-operation among the European allies."

Apart from co-operation in defence procurement, Mr Younger singled out, as one of the most encouraging developments over the past five years, tha steady deepening of Anglo-French contacte on defence co-operation and arms control, "based on a shared analysis at the highest level in London and in Paris on Western security requirements in the changing East-West context".

Report accuses Swedish state arms company

By Sarah Webb in Stockholm

SWEDEN'S state-owned arms manufacturer bas systematically broken tbe country's tough laws on weapons exports since the early 1960s by selling to countries in the Middle East, including Lihya, as well as other off-limits hnyers, according to a report released yesterday.

The report holds the senior management of FFV, the state arms company, responsible for tha illegal exports hut says there is no evidence of government complicity.

Mr Hans Stark, the Attorney-General, who headed the investigation into FFV, said he expected former senior members of the company to face prosecution as a result of the findings. A criminal investigation is already under way following police raids on the FFV headquarters last autumn.

Mr Stark said that anti-tank guns worth at least SKr400m (£36m) were exported via the UK to countries such as Saudi Arabia, Kenya, Kuwait, Malaysia, and Australia between 1963 and 1985. Australia was deemed off-limits at the time of its military involvement in the Vietnam War.

W German shuttle

The West German government will spend DM220m (£68m) to begin research into a re-usable space shuttle that would operate at greatly reduced cost, Reuter reports from Bonn. Mr Heinz Riesenhuber, the Research Minister, said the project, based on a scheme put forward in the 1940s, envisages a shuttle launched at high altitude from the back of a transport aircraft.

Swiss vote to lift Kopp immunity

By William Dullforce in Geneva

THE LOWER chamber of the Federal Parliament yesterday startsd a process unprecedented in Swiss political history when it voted without a dissenting voice to lift the parliamentary immunity of Mrs Elisabetb Kopp, the former Justice Minister.

Witb the upper chamber expected to follow suit next week, a special prosecutor will almost certainly be appointed to investigate whether Mrs Kopp violated official secrecy rules wben telephoning her husband, Hans, last October.

She has acknowledged that she advised him to resign from Sakarchi Trading, a company of whicb he was vice-president, and which was suspected of being involved in some "dubious husiness".

Sakarchi was subsequently named by a prosecutor in the canton of Ticino in connection with a investigation into the "Lebanon connection", the alleged laundering in Switzerland of money from the drugs traffic.

Mrs Kopp resigned last month after Mr Hans Hungerbühler, a Government-appointed special prosecutor, had asked for the lifting of her immunity and a formal investigation into the possibility that she, her personal assistant and another government official had illegally passed confidential information to Mr Kopp.

When announcing her resignation Mrs Kopp herself asked that her immunity be lifted to facilitate the investigation and her right to defend herself.

It will be the first time that the immunity of one of the seven members (ministers) of the Swiss Federal Council (government) has been lifted. Mrs Kopp was the first woman to sit on the Council.

A parliamentary committee, whose report was puhlishad yesterday, said the acts for which the former Justice Minister was hlamed had not been "motivated hy political imperatives nor dictated by the exercise of her mandate but manifsstly by the pursuit of personal interest."

But, the committee added, there was so far insufficient evidence to show that she had deliberately broken the penal code. It would be up to a federal judge to decide whether an offence had been committed.

Comecon puts off summit meeting because of disagreements about reform

By Leslie Colitt in Berlin

A COMECON summit meeting of Communist Party and government leaders scheduled for next month in Prague has been postponed because of growing differeoces about reforming the economic and trade group.

The meeting announced last December by Mr Ladislav Adamec, Czechoslovakia's Prime Minister, was to bave dealt with tbe goal of a "common market" for Comecon announced last year.

Czechoslovakia's government spokesman, Mr Miroslav Pavel, said a summit would not take place "in the near future". Negotiations by party economic secretaries of the member nations would first be held next month in Prague.

Statements by East European economics officials, however, indicated that there were few who believed in the feasibility of a Comecon common market.

Mr Peter Szonyi, head of the Hungarian Government's Office for International Economic Co-operation, said the idea of a "single socialist market" was still a "pipe dream". Hungary could not allow "slogans" and political considerations to push economic interests into the background, he said.

Budapest's recently retired permanent representative to Comecon, Mr Joszef Marjai, said he had clearly stated at the organisation's executive committee meeting last October in Moscow that "non-existent markets" could not be unified.

The outspoken Hungarian economic newspaper, Vilaggazdasag, noted that East Germany and Romania rejected all reforms on political grounds and that Czechoslovakia's attitude was uncertain. Hungary did not see how Comecon could be substantially reformed even in the long term. But if Hungarian-Soviet trads were "taken out of the Comecon context," perhaps it could be somewhat reformed.

The "father" of Hungary's economic reforms, Mr Rezső Nyers, Minister of State for Economic Affairs, last month criticised "erroneous" views that Comecon should enter into competition with the uniting European Community and try to achieve a single Comecon market. This, he said, would "doom the reforms to failure" in the member countries.

"Only national economic reforms can bring progress and the single CMEA (Comecon) market can only be set afterwards." Comecon reforms had long suffered from an attempt to impose multilateral planning methods on non-market economies.

The possibility of Hungary's affiliation to the EC while remaining in Comecon was raised during a recent visit to Strasbourg by a Hungarian delegation.

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The Boss's ghost stalks Chicago City Hall

Richard Daley Jnr is pushing ahead in mayoral race, Deborah Hargreaves reports

AS THE snow flurries buffet Daley Plaza in downtown Chicago, the windy city appears *ready to add another Daley to* its folklore.

The son of the revered "Boss", Mr Richard Daley, who presided over City Hall for 22 years, is pushing to the front of the race for mayor this year. Benefiting from the disarray in the black community, Mr Richie Daley looks set to beat the black *incumbent*, Mr Eugene "mumbling mayor" Sawyer, in the Democratic primary today.

Although Mr Daley senior died 12 years ago, his memory as a benevolent dictator, steering the city through the battleground of the 1960s, is still fresh in the minds of Chicago's voters. Indeed, downtown Chicago is very much a product of his vision of a thriving mid-western metropolis.

His son is seen as belonging to the same tradition, which is a mark of his appeal to an electorate eager for a return to strong leadership that will tackle some of Chicago's entrenched problems.

If Mr Daley wins, it would constitute an unprecedented upset for a black incumbent in a big US city. Chicago's black community – with 43 per cent of the population, the largest racial group in the city – struggled long and hard to wrest the reins of power from a *white political machine*.

But black unity was split after the city's folk-hero mayor, Mr Harold Washington, died *in November 1987*. Mr Eugene Sawyer replaced him as acting mayor on a majority white vote by the city council.

In a city where race continues to be an inflammatory issue, Mr Sawyer has tried to present himself as the champion of minority issues. But he is still regarded with suspicion by *many black voters, who see* him as beholden to his erstwhile white supporters, while he has angered white allies.

Mr Daley has won the support of Chicago's old-guard political machine, which was crafted by his father. But his critics charge that he has spent his career trading on his name. Although he made three attempts to pass the bar exam before he succeeded, Mr Daley has held the position of Cook County state's attorney for eight years.

In a campaign that is judged tame by Chicago standards, Mr Sawyer (who, during the candidates' TV debate, made several abortive *attempts to recall a* biblical quotation) has been running advertisements that play on Mr Daley's uneasiness with public speaking by showing him reading simple cue cards.

Both candidates admit they are not verbal virtuosi, but some of Mr Sawyer's more vocal *supporters have made up*

Richie Daley: wants to drive the old man's machine

for his lack of eloquence with their own injudicious pronouncements. Labelling Mr Daley as an outright racist, several of Mr Sawyer's supporters have declared that anyone *voting for him should be* hanged, and that if Mr Daley was elected they would close the city down by protests in the streets.

These much-publicised statements have damaged Mr Sawyer's standing with a key group of voters, the so-called "lakefront liberals", who are *generally young, white,* middle-class voters who live on the attractive Lake Michigan side of town and whose support was crucial in *Mr Washington's* 1983 victory.

The third candidate for the primary, a white reformer with support among the lakeside liberals, Mr Larry Bloom, dropped out of the race a week ago and threw his weight behind Mr Sawyer. But Mr Daley, with his pledge to reform Chicago's *rambunctious city council*, appears to have captured the imagination of the liberals.

He has affirmed his support for council reform based on the findings of a recent critical report by a group of civic business leaders. It claims the Chicago city council is the largest, most costly municipal legislative body in the country.

Mr Daley has also been firm in his support for reform of Chicago's schools and his commitment to law and order.

But he has not been free of controversy. The Sawyer campaign claims his office has discriminated against minorities in its hiring practices and in *farming out legal work. At the* same time, several members of Mr Daley's office have been indicted by a special prosecutor for allegedly forging signatures on a petition he filed for electoral reform in 1983. Critics say Mr Daley turned a blind eye.

In the grand tradition of his *bellicose father, Mr Daley has* risen above these quibbles and is ahead in the polls. If he wins the primary, he will face a *run-off* with Mr Timothy Evans, a black candidate on an independent reform ticket.

Anything other than a Democratic victory in the election proper on April 4 is unthinkable in Chicago. Nevertheless, one of the city's most colourful long-time politicians, Mr Ed Vrdolyak, has allowed himself to *be drafted to* run for the Republicans. Some 15 years ago, "Fast Eddie" Vrdolyak was the wonder child of the Chicago Democratic Party machine. However, his mayoral ambitions were thwarted by the upsurge of black voting power and the election of Mr Harold Washington.

Mr Vrdolyak defected to join a rather uneasy Republican Party, where he has since failed to win office. He nurtures an intense rivalry with Mr Daley, whose mayoral chances he could damage by siphoning off enough white votes to put Mr Evans in.

However, Mr Daley is confi*dent of carrying his father's* torch into City Hall. Described by a local commentator as having as much charisma as a plate of corned beef and cabbage, Mr Daley has long been looking to shake off the larger-than-life shadow cast by his late father and hopes to become "Boss" in his own right.

Venezuela seeks to renegotiate bank debt

By Joe Mann in Caracas

VENEZUELA will ask international banks for new restructuring agreements on all its non-trade-related foreign debt, including public and private sector obligations.

Mr Pedro Tinoco, president of Venezuela's central bank, said on Sunday the Government was advising creditor banks that it would pay interest and principal on private sector foreign debt until February 28 and that thereafter it would negotiate new terms on repayment of principal and *interest for both public and* private sector foreign debt.

Venezuela will thus be seeking new terms on its total foreign debt, estimated at around $33bn. At the end of December, the Government declared a moratorium on principal payments for most of its $25.6bn in foreign debt, with effect from *January 17*.

Mr Tinoco said the Government's strategy was to seek new grace periods for principal and improved terms for interest repayments to lighten the debt service burden. It also wants to take advantage of the discount on Venezuelan government debt now prevailing on *international markets*.

El Salvador rebels debate Duarte's offer to delay polls

By Richard Johns in Mexico City

THE leadership of the Farabundo Marti National Liberation Front (FMLN) was yesterday considering its response to President José Napoleon Duarte's offer of a six-week postponement of El Salvador's presidential elections, which are scheduled for March 19.

In a broadcast on Sunday Mr Duarte said that his Government was prepared to start peace talks with the FMLN in Guatemala if the guerrillas honoured a ceasefire from today until he steps down on June 1.

The president's offer was a reply to the FMLN's far-reaching proposals for a ceasefire and participation in elections. No immediate reaction was available from the FMLN office in Mexico City but it seemed the Government's compromise would certainly be regarded as inadequate by the guerrillas

The FMLN argued a week ago in talks with El Salvador's political parties at Oaxtepec, near Mexico City, that it needed five months after a ceasefire to organise itself for the "political struggle" in support of the Convergencia Democratica. This is the left-wing alliance to which the *guerrillas are affiliated*.

Mr Duarte, sticking to the letter of the law, proposed a plebiscite on a modification of the constitution which says that the next presidential elections should take place no less than two months before June 1 and that El Salvador's armed forces are obliged to depose an incumbent head of state if he still in power on that day.

Mr Duarte invited the National Assembly to choose three representatives to join the government commission appointed to negotiate with the FMLN and asked all parties to send observers.

He said the Government and the FMLN should achieve a "cessation of hostilities in a definitive form", so the guerrillas could be integrated into political and civilian life.

After last week's talks party representatives recommended an immediate start to negotia*tions between the Government* and the FMLN.

One substantive breakthrough was the FMLN's readiness to drop its long-standing demand for the integration of its 6,000-7,000 fighters into the armed forces. But it wants the military establishment reduced from 57,000 to the pre-war *strength of 12,000 in 1979*.

Argentine price control agreement in jeopardy

By Gary Mead in Buenos Aires

THE leaders of Argentina's largest manufacturers will today argue for their withdrawal from the price-control agreement forged with the Government last August.

Mr Eduardo de la Fuente, president of Argentina's Industrial Union, which represents the manufacturers, said he would recommend withdrawal. He said the Government had failed to consult the UIA, as agreed, about price increases for March. Since last August the UIA and Government have met regularly in a supervisory prices committee which has determined permitted monthly price increases.

Mr de la Fuente attacked the Government's "failure to attack the root causes of inflation" and called recent rises in interest rates to a monthly 40 per cent "ridiculous".

He added that on three occasions he had tried to contact Mr Carlos Bonvecchi, who, as Domestic Trade Secretary, last week announced an automatic price increase ceiling of 7.5 per cent for March, without consulting the supervisory prices committee.

This latest blow to President Raúl Alfonsín's hope of maintaining monthly inflation below 10 per cent, before the presidential election on May 14, comes after several weeks of bitter exchanges between the UIA and the Government.

● Leaders of the opposition Peronist Party announced at the weekend that the main themes of their presidential campaign would be a call for a "negotiated moratorium" on Argentina's $60bn foreign debt and a "productive revolution" to develop the country.

Costa Rica may have dropped buy-back plans

By Stephen Fidler, Euromarkets Correspondent

COSTA Rica appears to have abandoned plans to negotiate a buy-back of its foreign bank debts using donated funds from friendly governments.

A similar device had been used by Bolivia which bought back some $334m of its own bank debt last year in the secondary market for bank loans at an average price of 11 cents on the dollar.

According the commercial bankers, the country's *attempts* to raise *donor funds* had not apparently met a strong response.

Costa Rica is defined as a middle-income country, unlike Bolivia which is among the poorest on the continent. Bolivian donors, led by the US, were using the donations to encourage a crack-down on the cocaine traffic out of Bolivia.

Bankers estimate the country has some $1.4bn in bank debt out of a total of some $4.7bn. Its loans trade at around 13 cents on the secondary market. The country's leading creditor banks led by Bank of America are meeting government representatives this week to discuss the options

Costa Rica's president, Mr Oscar Arias, said last week the country would find it very difficult to meet a demand by the International Monetary Fund that it cut public spending in return for a new debt accord.

Campaign to tighten laws on pesticides launched

A STUDY has found that allowable pesticide traces in farm produce cause cancer and nerve damage in children, a US consumer watchdog group said yesterday as it announced a *campaign* to *tighten pesticide laws*, Reuter reports from Washington.

"The results of this study, as they began coming in, were extremely alarming: that children were far more at risk than adults from the impact of pesticides, that our system of regulation had completely overlooked children...and that the Environmental Protection Agency (EPA) and industry were arrayed against any reform in the field," said Mr John Adams, executive director of the Natural Resources Defence Council (NRDC).

The non-profit group said its two-year study found that 5,500 to 6,200 children now aged five or younger would develop cancer during their lives as a result of pesticide residues in fruits and vegetables.

It said at *least 3m children* five years old or younger were now being exposed to pesticides able to damage their nervous system at levels above those called safe by the federal government.

The group said its study, covering 23 pesticides and 27 common fruits and vegetables, was the most comprehensive performed on the problem to date.

It said previous studies underestimated exposure risks for children because they assumed children and adults ate similar amounts of fruit relative to their body weights.

Virginia radioactive leak

VIRGINIA POWER, owned by Dominion Resources, performed an emergency shutdown at the weekend of one of the units at its North Anna power station after a radioactive leak was *detected* in a steam generator, writes Anthony Harris in Washington.

The same generator suffered a pipe fracture in July 1987, releasing radio-contaminated water at some 500 gallons a minute; the new leak was about a tenth of this scale. Both were safely contained although the latest incident, which appears to have originated in a failed feedwater control valve, resulted in a small release of radioactive gas to the atmosphere.

Meanwhile Philadelphia Electric, which is seeking to reopen its Peach Bottom *nuclear power station*, announced a legal agreement which will bind it to tougher management and reporting requirements. It will allow Virginia state to monitor plant operations.

The company will submit new operating procedures to the Nuclear Regulatory Commission, which closed the plant in March 1987, citing safety violations and operator inattentiveness at the plant.

Nakasone denies playing key role in Recruit affair

By Stefan Wagstyl in Tokyo

MR Yasuhiro Nakasone, the former Japanese prime minister, yesterday denied allegations that he played a key role in the Recruit financial scandal, in his first public statements about the affair.

But Mr Nakasone's appearance at a carefully-managed press conference failed to silence his critics, who demanded that be should answer the allegations before an investigating committee of the Diet (parliament). Opposition politicians said the press conference had been a sham, with questions accepted largely from joornalists friendly to Mr Nakasone.

The day's svents will do nothing to restore Mr Nakasone's tarnisbed reputation. Among the leaders of the ruling Liberal Democratic Party, he is the one facing the most serious allegations stemming out of the Recruit affair.

The main claim against Mr Nakasone is that in return for receiving shares on favourable terms in 1986 from Mr Hiromasa Ezoe, the businessman at the centre of the affair, Mr Nakasone, who was then prime minister, helped Mr Ezoe further his commercial and political interests.

Mr Nakasone admitted yesterday that three of his secretaries bad bougbt a total of 29,000 shares in Recruit Cosmos, a property subsidiary of Recruit, wbicb was later floated at great profit to the sbarebolders. But Mr Nakasone said he bad not known about the sbare purcbase at the time. The profits were subsequently spent by the secretaries on "political purposes", including buying gifts for supporters.

Further, Mr Nakasone denied doing anything in return for the shares received by his secretaries. The most serious allegation against him is that he helped Recruit by smoothing the purchase in 1987 of a supercomputer for use in a new business it was establishing. The machine was bought from Cray Computer, the US manufacturer, by Nippon Telegraph & Telephone, the communications group, and resold to Recruit.

NTT's role in these transactions is also under investigation. Tbe specific charge against Mr Nakasone was that he urged NTT to provide Recruit with the machine. The main (circumstantial) evidence is that in trade talks with President Ronald Reagan in May 1987, Mr Nakasone said NTT planned to buy a US supercomputer as part of a Japanese initiative to increase imports. But NTT did not announce the purchase until June, so Mr Nakasone's remark was later taken as evidence of advance knowledge of the deal.

But Mr Nakasone said yesterday that in his talks with President Reagan he was referring to a machine NTT bad previously bought – in March 1987. Mr Nakasone's critics dismissed his explanation saying it was nonsense to suggest that the Americans, who were then pressing Japan to cut its trade surplus, would have been mollified by news of a purchase whicb had previously been announced. Mr Nakasone must have been referring to the second machine, critics said.

In addition, Mr Nakasone denied at tbe press conference helping Mr Ezoe in other ways, including supporting his elevation to four separate government advisory committees, an unusually large nnmber for any businessman.

Chinese dissident urges tough US human right stand

By Our Foreign Staff

PROF Fang Lizhi, China's leading dissident and focus of a diplomatic incident when police barred him from a banquet given by President Bush, yesterday urged Washington to take a stronger stand on buman rights in China.

Fang, an astrophysicist, said overseas support was vital to human rights activists and he criticised the West for having a "double standard" towards the Soviet Union and China.

"Bush did not appear to raise the sobject of human rights with Chinese leaders," said Prof Fang, who with his wife said they were terrified hy their encounter with the police as they tried to go the banquet.

President Bush "expressed his regret" over the incident to Vice-Premier Wu Xueqian on his departure from Peking on yesterday, US officials said.

"Bush's words at the airport were better than what went before but it is not enough," Fang said. "Some people say Bush was too soft. I will only say the West should not operate a double standard by criticising human rights [violations] in the Soviet Union but not in China.

"The main reason for the double standard is diplomacy bot there are also cultural reasons. Both Chinese and Westerners often say that human rights are a Western idea and are not appropriate to orientals."

Fang: overseas support vital to human rights activists

Other Chinese dissidents say they would not be provoked or intimidated by the Government's decision to prevent their most celebrated spokesman from attending President Bush's dinner.

In a Peking hotel room where a group known as Amnesty 89 is mounting a campaign for the release of those jailed over the pro-democracy movement 10 years ago, Chen Jun, another dissident leader, said the treatment of Prof Fang, though heavy-handed, would not prompt demonstrations. "This morning I've had calls from students at Peking University who want to know what's going on. If we called for demonstrations they'd do it."

President Bush yesterday played down the controversy, while expressing general support for more progress on human rights in China. Mr Marlin Fitzwater, President Bush's spokesman, said the matter would be pursued by the US ambassador in Peking.

Mr Bush said he believed quiet diplomacy was the appropriate course for raising the human rights issue in China. He and Mr James Baker, the US secretary of state, discussed this on two occasions in Peking. Mr Fitzwater said human rights was not the cornerstone of the relationship, and there were lots of other very important issues.

Mr Fitzwater said the president felt the China visit had been successful in underscoring both countries' desire to move forward on bilateral issues snch as trade. He also noted problems about Taiwan and what China considers excessive import controls. Both sides felt that talks on international issues, especially Kampuchea, went very well.

Workless rural immigrants create havoc for Chinese cities

By Colina MacDougall

CHINA'S cities are under siege from labourers thrown out of work by Peking's ansterity policies, the Chinese media report. This will increase the pressure on the reformers in the leadership already under fire becanse of problems blamed on their policies.

Hundreds of thousands of unemployed are pouring into big cities snch as Peking, Shanghai and Canton, causing hnge social problems for already overcrowded urban centres.

This sudden influx comes just a few months after Peking cut large numbers of construction projects to cool overbeated economic growth.

Worst hit is Canton, famous throughout the country for its proximity to Hong Kong, its fast-growing economy and relaxed attitude to regulations. Tbe official Xinhna news agency claimed last week that more than 1m people had come into the city since February 10. About 30,000 homeless and jobless people live more or less permanently at the railway station there.

On Tuesday last week the railway management suspended many trains from northern areas, which cut the influx slightly. At the same time Zhang Gaoli, Vice-Governor of Guangdong province, called on other local authorities to take their people back and urged ths railways to increase servicss to evacuate them as quickly as possible.

"Tbose labourers who blindly swarmed into Guangdong can hardly get any jobs," he commented. "They can do nothing but wander around in Canton and places in the Pearl River delta. They are in a sorry plight as they cannot afford food and housing."

Zhang Wenzhuo, of Peking's State Planning Commission, said unemployment had been aggravated by bankruptcies in China's small township enterprises which have been shaken by clamps on bank loans and energy use.

"These rural labourers are no longer willing to return to agriculture," Zhang said.

In addition, unscrupulous entrepreneurs have recruited cheap labour from other provinces, Zhang said, and criminals on the run have congregated in city.

Heilongjiang province, in China's far north-east is also affected. More than 1.2m migrants from the province's own rural areas, and 350,000 from central China, have moved into the big towns.

Some of the immigrants do get jobs, undertaking the worst tasks which the local unemployed will not accept. China's Labour and Personnel Journal reports. "Many enterprises like to employ rural labourers because they are ready to accept even the hardest work at very low pay."

New regulations to restrict migrant workers to mining, oil exploration, salt making and geological surveying were under discussion, Zhang Xiaojian, of the Ministry of Labour, disclosed last week. Other sectors would be allowed to hire them but only on provisional terms. But it may be too late to stuff the genie back in the bottle.

Tokyo urges oil groups to buy less from Iran

By Our Foreign Staff

THE Japanese Government has urged domestic oil companies to buy less from Iran as a result of the Salman Rushdie furore, industry experts said yesterday. Tokyo is worried it may come under international criticism fcr its large Iranian oil imports, traders said. "The Japanese Government is very nervous," said a dealer for one of the hig trading houses.

It is particularly concerned that a high level of Iranian imports will lead to fresh US pressure for Japan to join economic sanctions against Iran, oil traders said.

European Community countries last week withdrew their envoys from Tehran after Ayatollah Khomeini, Iran's spiritual leader, denounced Mr Rushdie's book The Satanic Verses as hlasphemous and ordered his followers to kill the British author.

Japan urged Iran to withdraw its death threat against Indian-born Mr Rushdie but said on Sunday it would not recall its ambassador from Tehran. "The most effective course for us is to maintain links with Iran, and I think we can do more by keeping the link with Iran," said Mr Takashi Onda, director general for Middle East affairs at Japan's Foreign Ministry.

Indonesia bans Rushdie book

INDONESIA, home to the world's largest Islamic commnnity, on Sunday banned imports of tbe controversial Salman Rusbdie novel The Satanic Verses, an Attorney General's Office spokesman said, Reuter reports from Jakarta.

Although the book, branded an insult to Islam, is not widely available there are some copies in circulation. Jakarta has appealed for them to be turned in to the authorities.

"We ban ths book entering Indonesia by air, sea, land and mail to prevent more books circulating in the country," the spokesman said, adding no punishment had yet been set out for violators.

Indonesia has about 150 million Moslems but has not adopted Islam as the sole state religion.

Shevardnadze ends visit to Middle East

By Victor Mallet, Middle East Correspondent

MR Eduard Shevardnadze, the Soviet Foreign Minister, was due to head home yesterday at the end of a high profile, 10-day tour of the Middle East dnring whicb he has attempted to promote Arab-Israeli peace talks and consolidate the Gulf war ceasefire.

The final day of his diplomatic drive in the region yesterday was spent in meetings with Iranian leaders, and President Ali Khamenei urged the Soviet Union to put pressure on Iraq to withdraw its forces from Iranian territory.

"Iraq must be pressed if peace in the region is desired," President Khamenei was qnoted as saying by Tehran Radio, "and we feel your government can exert this pressure more than anyone else."

The Soviet Union, its East European allies and Japan all seem likely to benefit from increased trade with Iran because of the dispute between Tehran and the West over the Rushdie affair.

In Moscow yesterday a gronp of abont 15 political activists and writers demonstrated against Ayatollah Khomeini outside the Iranian embassy, and a protester was said to have been arrested.

● The Mujahideen-e-Khalq, the Iranian opposition movement, said yesterday it had sent the names of 1,634 political prisoners executed since the Gulf war ceasefire to the UN and other bodies. The total number executed is 12,000, it said. Hojatoleslam Ali Akbar Mohtashemi, Iran's Interior Minister, was quoted yesterday as saying that all dissidents held in Iranian jails had been executed.

National issues colour Israeli local polls

By Andrew Whitley in Jerusalem

ISRAELfS vote today in nationwide municipal elections which Mr Yitzhak Shamir, the Prime Minister, wants to serve as a referendum on his policies of standing firm and not talking to the Palestine Liberation Organisation. But the Labour Alignment, which has control of most of Israel's big cities, including Jerusalem and Tel Aviv, is anxious to separate national from local politics.

Most interest will focus on Jerusalem wbere, at the age of 77, Mr Teddy Kollek, the city's mayor, is standing for another four-year term. His own re-election is not in doubt, but pollsters predict he could lose control over the city council.

A close race is, however, expected in the northern port of Haifa, Israel's third city and a traditional, hlne-collar Labour stronghold. If Mr Arieh Gurel, its veteran mayor, is defeated, the long-term omens for the party will not he good.

At a rally in Haifa on Sunday night, Mr Shamir said that a vote for the right-wing Likud at the local level was also an endorsement of his party's platform on the national level.

Haifa is unique among Israel's cities in having harmonious race relations with a large, and integrated, Arab minority. Islamic fundamentalism – a growing influence among younger Israeli Arabs – is also playing a part in these elections.

For the first time in Israel's history, followers of the extremist Moslem Brotherhood are expected to win local council seats in small northern towns such as Umm al-Fahm and Taibe.

In office since 1965, over the past year Mr Kollek – Teddy, as he is universally known – has seen his dream of peaceful co-existence among Jerusalem's warring communities shattered hy the Palestinian uprising. Although East Jerusalem is formally part of Israel, of late there has been little to distinguish its Arab districts from the adjoining occupied West Bank, ruled by the army.

The city was reunited by the force of Israeli arms in June 1967, but since December 1987 an invisible curtain has fallen across it. Large sections have become "no go" areas for Jews, fearful of being attacked by stones, knives or molotov cocktails.

Jerusalem's unhappy, schizophrenic character will be exposed to view today, when its 135,000 Palestinian residents are expected to boycott the polls in response to instructions from the underground leadership of the *intifada* (uprising). Ironically, by staying away from the polling booths, the Palestinians could well be contributing to the eventual demise of the policies of toleration and mutual respect which Teddy has preached for over two decades.

Another rising power in the Israeli capital, the ultra-Orthodox Jewish community, is still flushed with its unexpected success in the November general elections. The black-garbed religious extremists are no admirers of the Viennese-born mayor, and their votes could tip the balance against Mr Kollek's "One Jerusalem" political slate.

Sticking to his guns with all the passion which has made him such a popular, and colourful, character, Teddy was in imperial form when he met the press last week. "There is no historic justification for Jerusalem to be the capital of a Palestinian state," he pronounced. "I have yet to hear any responsible Jerusalem Arab express the opinion that the city should be redivided."

Taba deal seen as pattern for Mideast accord

By Tony Walker in Cairo

ISRAEL'S withdrawal from disputed territory in the Sinai could be a model for a revitalised Middle East peace effort, a senior Egyptian official said yesterday. Dr Esmat Abdel Meguid, the Egyptian Foreign Minister, said Egypt hoped that agreement on terms for Israel's handing over of the beach resort of Taba on the Gulf of Aqaba would mark the "start of a new stage which could promote peace in the region".

Dispute over the 700-metre enclave, which was retained by Israel when it handed the rest of the Sinai back to Egypt in 1982 under the terms of the 1979 peace treaty, has bedevilled relations between the two countries for most of the 1980s.

Egyptian and Israeli officials signed four agreements on Sunday, opening the way for Israel's withdrawal from Taba on March 15. These agreements covered a $37m payment for an Israeli luxury hotel and $1.1m for a tourist village, access for Israelis to the beach resort and Israel's continued supply of water and electricity to Taba.

The way was cleared for a final resolution of the dispute when an international arbitration panel last year upheld most of Egypt's claims to the area. The panel left it to the two countries to negotiate details of the handover within a specified time.

Several deadlines have passed without agreement, with the Egyptians showing increasing irritation at the delays. This encouraged more strenuous US mediation efforts to bring about a settlement.

Mr Ahraham Sofaer, legal adviser of the US State Department, who has played midwife to the Taba settlement over several years of often difficult negotiations, said on Sunday that the agreement showed there was no substitute for direct peace talks between the parties to Middle East disputes.

Mr Reuven Merhav, Director General of Israel's Foreign Ministry, said after the signing ceremony that Israel was confident that other treaties and arrangements would soon follow.

The Taba agreement takes place against a background of increasing pressures on Israel to join an international Middle East peace conference to resolvs disputes over Israeli occupation of Arab territory.

Israelis will not need visas to visit Taba – a popular beach resort for Israeli tourists – and they will also have access under a similar arrangement to the southern Sinai, home of some of the world's most spectacular under-water reefs. The Israeli shekel will be accepted currency in Taba.

Sudanese PM tells army he may quit

By Our Foreign Staff

MR SADEQ AL-MAHDI, Sudan's Prime Minister, told Parliament yesterday that he would step down next Sunday unless the armed forces gave him a free hand to form a new Government and work for peace in south Sudan.

Mr al-Mahdi made the threat on the day a deadline given him by Sudan's officer corps to introduce reforms expired. The officers are exasperated hy setbacks in the war with southern rebels and the collapse of a peace plan at the end of last year.

Mr al-Mahdi told Parliament: "War is not the objective. The objective is peace and peace will be easier to achieve if we rally around it at home. This requires proceedings, contacts, and agreements to widen the base of the Government.

"If I am wanted to achieve this within the trust of the Constituent Assembly [Parliament], then I expect a positive response from the military and trade unions that will satisfy me within the next few days."

Mr al-Mahdi's call for support seems intended to call the officers' bluff. He recently acknowledged the danger to his Government from "unconstitutional" action. A threat of a military takeover was implicit in the officers' demand for reform.

However he gave no sign that he was prepared to revive the peace accord negotiated by the Democratic Unionist Party – now in opposition – with the rebel Sudan People's Liberation Army (SPLA) last year, nor that his Umma Party's main ally, the fundamentalist Nationalist Islamic Front was willing to back down on the imposition of Sharia law as the rebels demand.

He asked Sudan's trade unions to promise not to stage fresh strikes as long as the five-year-old war against the SPLA continued in the south.

The Prime Minister said he wanted assurances that the armed forces would abide by the constitution and restrict discussions with the civilian Government to the National Defence Council.

Army commanders, who say tbey lack tbe equipment needed to defeat the southern rebels, gave the ultimatum to Mr al-Mahdi and Mr Ahmed Ali al-Mirghani, the head of state, last Monday. They complained that backing for the 60,000-man army was insufficient and blamed the coalition's foreign policy for what they called a virtual halt in foreign military aid.

A team of officials went to Libya last week in what local press reports said was a mission to gain more military support from Libya, Sudan's main military backer.

Mr al-Mahdi said that if he stepped down his Umma Party, the biggest single bloc in ths 301-seat house, would nominate his successor.

Singapore growth put at 11%

Singapore's gross domestic product grew 11 per cent in 1988 over the previous year the Ministry of Trade and Industry said yesterday, raising an earlier estimate of 10.9 per cent annual growth, Reuters reports. The rapid growth rate is tha economy's fastest annual expansion for 15 years the ministry release said, and compares to the 8.8 per cent growth recorded in 1987.

Winnie Mandela affair dominates Lusaka talks

By Anthony Robinson in Johannesburg

THE long-term implications of the Winnie Mandela affair on the African National Congress and tbe "liberation struggle" were at tbe centre of talks in Lusaka between tbe exiled ANC leadersbip, led by its president Mr Oliver Tambo, and leaders of the internal United Democratic Front and the Congress of Sonth African Trade Unions at the weekend.

The Lusaka leadersblp appeared shocked at the excommunication of Mrs Mandela by the UDF and Cosatu two weeks ago and taken aback by tbe depth of hostility to the former "mother of the nation."

Mr Murpby Morobe, UDF publicity secretary, said on his return yesterday: "There has been no change within the UDF regarding Mrs Mandela. No further statements will be made in this regard." Earlier this month, the UDF and Cosatu called on the black anti-apartheid movement to bave nothing further to do with Mrs Mandela because of the activities of ber group of bodyguards known as the Mandela United Football Club. Members of the group have been charged with the murder last month of 14-year-old activist Stompie Seipei.

The ANC responded by appealing for unity in the face of the Pretoria government.

Mrs Mandela visited her husband in his Cape Town jail at the weekend hut refused to speak to reporters after the meeting.

Ethiopia meningitis spreads

THE spread of meningitis across Ethiopia has killed 629 people and infected 6,688 people, a United Nations hody said yesterday, Reuter reports from Geneva.

The United Nations Disaster Relief Co-ordinator's Office, which was quoting government figures, said that more than half of the victims were children.

Total figures were feared to be much higher because many people live far from medical centres keeping track of the outbreak, which hegan last September.

Cases had been reported in the neighbouring countries of Sudan and Djibouti, while Kenya and Somalia had been warned to watch for the disease in areas bordering Ethiopia, the UN Disaster Relief office added.

The World Health Organisation had sent drugs and vaccines to the area and a task group had been set up to coordinate medical assistance from UN and private groups, it added.

Kenyan caution may earn unjust reward

Victor Mallet and Julian Ozanne examine the case for some measure of debt relief

WHATEVER it may be doing on the political front, the Kenyan Government continues to manage its economy with a degree of pragmatism and caution that is both rare in Africa and a welcome relief to Western creditors.

But when it comes to foreign debt, Kenya faces the risk of falling into the uncomfortable gap between two stools.

The country is neither a rip-roaring, Third World economic sucess story with booming manufacturing exports, nor a typical African basket case, so incapable of paying its debts that it becomes ths beneficiary of repeated reschedulings and write-offs.

Dependent largely on tourism, coffee and tea, and always sbort of foreign exchange, Kenya cannot confidently pay off its external debts early. Nor is it in poor enough shape for large emergency debt relief and concessional reschedulings.

Instead, Kenya is one of those countries just able to hold their heads above water. Over the past three years, the economic growth rate has averaged 4.2 per cent, a whisker above the population growth rate of about 3.7 per cent.

Kenya has not rescheduled, and inevitably some government officials wondered if they were being punished for their prudence as they watched Paris Club creditors bowing to the inevitable and rescuing the Mozambiques and Zaires with extended rescheduling packages for official and private creditors. Between 1975 and 1988 tbese two countries chalked up 18 reschedulings.

They also felt left out last year when a menn of more concessional debt relief options drawn up at the Toronto Summit were made available only to low-income African countries rescheduling with the Paris Club.

"In a way the donors' system was punishing Kenya," concedes one Western aid official in the capital, Nairobi.

The country is neither a rip-roaring, Third World economic success story with booming exports, nor a typical African basket case

But at the same time Kenya's economic policies have made it a favourite destination for Western aid money – $1.1bn was pledged last year at the Paris Consultative Group meetiug of donors. And although the country was not included in an initial list of 17 African debt-distressed candidates, it now appears to qualify on all three counts.

It is poor enough with an annual per capita Gross National Product of well below $425. it is implementing an economic adjustment programme approved hy the International Monetary Fund and World Bank. And its debt service obligations have begun to exceed the 30 per cent of export earnings accepted as the benchmark for "distress".

This means that Kenya is now eligihle for the World Bank's Special Programme of Assistance (SPA) which provides, among other things, for additional dishursements from the International Development Association, concessional assistance for servicing World Bank loans taken on at non-concessional terms and expanded co-financing with donor agencies.

Furthermore, Kenya's abstinence from rescheduling has meant it has avoided tbe arrears bottleneck whereby a country accumulates massive arrears with its creditors, blocking off any new commitments and disbursements.

Kenya's total foreign debt is estimated at $4.5bn. The debt/service ratio is highly volatile, depending as it does on the fluctuating price of commodity exports, but it has been rising inexorably over the past decade from about 10 per cent in 1975 to some 37 per cent today.

Reducing the debt/service burden is a new Kenyan priority, and the Government aims to reduce the ratio to 21 per cent by 1995. Although most of this debt is owed to governments (increasingly the money is borrowed on a concessional basis) or to multilateral institutions, Kenya is able to borrow commercially and has done so more and more in the past three years. This is one of the reasons why they have been so reluctant to reschedule.

"Ws have to take some strong measures to contain any further growth in foreign borrowing on commercial terms," Professor George Saitoti, the Finance Minister, said in his Budget speech last June.

"The crux of the matter is that we cannot afford commercial borrowing abroad other than in the most extraordinary circumstances. We will have to focus almost exclusively on concessional loans. . .we should also try and raise the volume of money which is extended in grants."

The IMF is equally concerned. In its latest agreement with Kenya, the Fund set an annual commercial borrowing limit of US$75m until 1990.

To tackle the debt burden, internal and external, Kenya has established a new deht management division in the Treasury. One of its principal tasks will be to refinance expensive foreign dehts at lower concessional interest rates or simply converted to grants, a process already begun hy some bilateral creditors in Africa.

And Kenya'a prasent IMF Structural Adjustment Facility is under review by the Fund for conversion to an Enhanced Structural Adjustment Facility (ESAF) which triples the resources a country can draw from the Fund at much more concessional terms.

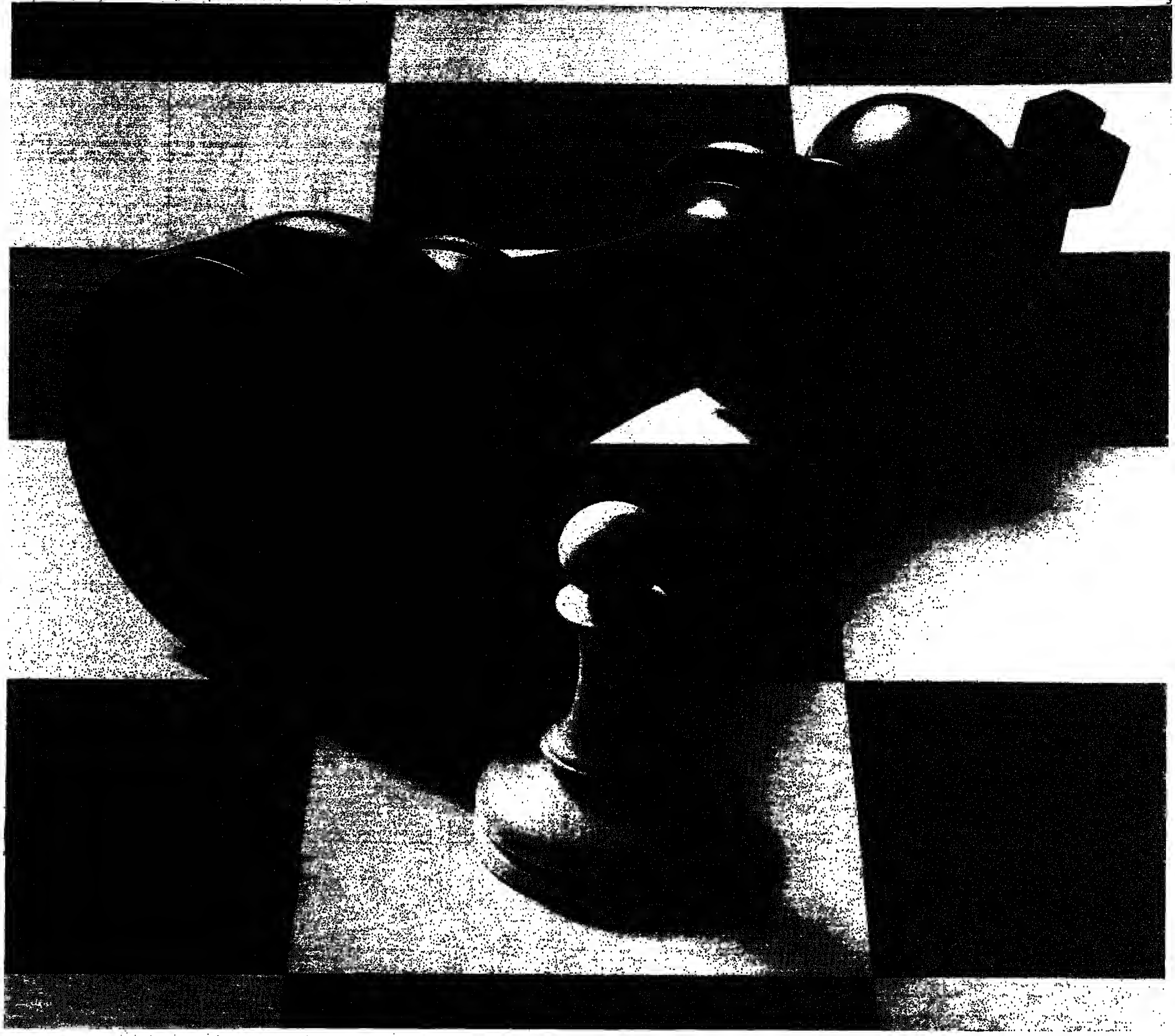
The Kenyan debt managers, dealing with a range of obligations in different currencies and baskets of currencies, could also ease the external debt burden by using the forward markets and taking more advantage of currency fluctuations. The government has requested advisers from organisations such as the World Bank to help them do the job.

Western diplomats in Nairobi, whils agreeing that it makes sense to improve the management of debt, have called for caution. They point out that currency juggling carries the risk of loss as well as promise of gain and might open the way for corruption.

Despite the occasional envious glance at less prudent African states, Kenyan Treasury officials are content to continue paying off the foreign debt without rescheduling.

"Rescheduling is not free," says one official, "it has lots of conditions."

Even if Kenya's debt/service ratio has peaked, as the authorities fervently hope, Kenya and its allies will continue to press for the country to be recognised as a candidate for debt relief now and in the future. Sound management, they feel, deserves some material reward.



WORLD TRADE NEWS

Departing Eximbank chief accords little credit to US Government

Recent policy is seen as having contributed to a loss of international competitiveness, write **Peter Montagnon** and **Nancy Dunne**

AN UNENVIABLE task awaits the still-to-be-named successor to Mr John Bohn, who leaves the post of president of the US Eximbank for greener private-sector pastures next week.

Though widely respected in the US export industry for the professionalism of his three-year term in charge of the bank, Mr Bohn leaves the institution facing fundamental problems that call its future into question.

A victim of both general budget stringency and the free-market doctrines of the years of former President Ronald Reagan, the bank has faced increasing political fire in recent times.

In the past seven years, its budgetary authorisation for direct credit lending in support of exports has dwindled to $695m (£395m) from $5.4bn. In January it was forced to announce a cessation of all new direct-loan approvals because no money was made available at all in Mr Reagan's budget for the fiscal year beginning in October.

According to Mr Bohn, losses incurred as a result of a mismatch between its cost of borrowing from the Government and the low export credit rates in the late 1970s and early 1980s will wipe out its capital sometime around the turn of the current fiscal year.

Meanwhile the big dollops of aid used quite legitimately by competitors such as Japan have seriously undermined the ability of US exporters to compete in markets such as Thailand, Indonesia and China.

In short, there could scarcely be a more poignant example than the Eximbank of the way in which institutional failures on the part of the Government have contributed to loss of international competitiveness by US industry.

At a conference in Washington this week, several leading exporters spelled out the consequences.

Mr Robert Hammond, assistant treasurer of American Telephone and Telegraph, said the failure of the US to provide more attractive mixed credits was encouraging telecommunications companies to move offshore. Mr Robert Smith, assistant treasurer of General Electric, said his company was forced to source exports abroad to take advantage of the more competitive financing offered by foreign governments. And Mr Glen Bruce, corporation manager of Dresser Industries, said some overseas customers were not even asking US companies to bid on projects because their credit was uncompetitive.

Arresting this drift will be an uphill struggle for Mr Bohn's successor.

The bank's dependence on federal government financing as its sole source of funds means it will be able to continue functioning even after its capital is exhausted. The provision of some as yet unspecified funds in the budget of President George Bush means it will soon be able to resume its direct lending programme, but a great deal of uncertainty remains.

"We still don't know and have no way of knowing whether we will get an adequate amount of money," Mr Bohn said this week. As a result, the resumption of direct credit approvals will have to be cautious even though the temporary suspension of lending announced in January had contrived to give an impression to trading partners of unreliability.

Though the bank could operate without capital, this was not an incentive for firm management of its affairs, he said.

A further problem remained the proliferation of mixed credits (export credits sweetened with aid) which had not been solved by tighter international rules agreed two years ago.

Japan was continuing to offer mixed credits at an increasing level but within the new guidelines, he said. "The mechanism we have introduced provides some discipline but not enough."

For its part, US aid policy was not sufficiently commercially oriented. "We have given away money with little regard for its effect on our economy."

The Eximbank has long been regarded with suspicion by many in Congress who see it as providing unnecessary subsidies to a few large companies which account for a tiny share of US exports, but it is not without its supporters.

Senator Patrick Leahy, chairman of the Foreign Operations sub-committee responsible for Eximbank, told the conference this week he was a strong supporter because other countries had made it clear they would continue their export subsidies. "Some countries have been getting a free ride as a result of US policies," he said.

Mr Bohn cited two beacons of hope. The first was that export credit agencies generally might play an increasing role in any new policy to deal with the developing country debt crisis. The second was that Eximbank might eventually be drawn in to play a role in reversing the decline in US competitiveness, which is still the subject of much agonised debate in Washington.

There is not much sign of that happening yet, however. The budget message from Mr Bush is that there is a "pre-disposition" to retain the direct lending programme, but that is a long way from increasing it or even putting it on a permanently secure footing.

Governments' policies 'may be benefiting world merchandise trade'

By **William Dullforce** in Geneva

WORLD MERCHANDISE trade may be benefiting from a favourable correlation of growth opportunities and sensible government policies.

The secretariat of the General Agreement on Tariffs and Trade (Gatt) offers this hypothesis in its preliminary report on international trade in 1988/89 as an explanation for the unexpectedly powerful 8.5 per cent growth in trade volume last year.

The dynamism of world trade during a period when the current economic boom was widely considered to have passed its peak has surprised the Gatt economists, who only six months ago were still forecasting a 5 per cent increase in 1988.

In its preliminary report on 1988/89 international trade, released yesterday, the Gatt secretariat lists three more conventional factors behind the surge in the past 18 months that has carried the volume of world trade to nearly 40 per cent above its 1982 recession level.

One is moderate inflation, which does not carry the symptoms of the widespread overheating that characterised the situation before the last world recession.

A second is the recent strength of business investment – an estimated 11 per cent increase in the volume of private non-residential investment in 1988 in the OECD area – which has prompted big gains in trade in capital goods.

The third encouraging characteristic is the current trade growth's relatively broad base across both products and countries. Even if the 1988 increase was led by a rapid expansion (10.5 per cent) in exports of manufactures, farming (4 per cent) and mining (7 per cent) products also achieved export increases above average for the 1980s.

Unlike the 1984 trade boom, largely triggered by the import demand from just one country, the US, the 1988 expansion was boosted by accelerated imports from a broad section of countries, including developing ones.

However, the Gatt secretariat suggests that more fundamental forces are also at work. Among expanding growth opportunities for business it lists the moderate annual increases in unit labour costs in manufacturing and the decline by more than half in the real price of fuels since 1981. Simultaneously, despite last year's increases, the real prices of other commodities are still about 20 per cent below their 1979 levels.

In addition, technological advances have meant that enterprises have increased the foreign sourcing of equipment and other inputs.

Gatt approves the evolution in governments' policies towards making their economies more competitive and flexible. The elimination of barriers to regional trade, activated as in North America or planned as in the European Community, means that stronger demand is being "spread around", allowing more countries to share in the growth and helping to keep the lid on price increases.

Among the negative features of 1988 was the lack of sizeable cuts in the trade surpluses of Japan and West Germany, but the US reduced its current account deficit without depressing world output and trade.

This, the Gatt report claims, demonstrates that in the context of a strong expansion in world trade the relative magnitudes of the adjustments needed can be accommodated without excessive difficulty.

Developing countries, apart from the oil producers, made an above-average contribution to the acceleration in trade growth last year, with volume increases of 12 per cent in imports and 10 per cent in exports.

Export growth among the 15 heavily-indebted countries was strong enough to raise the dollar value of their exports above the 1981 peak for the first time since the onset of the debt problem. The group's aggregate trade surplus climbed to nearly $28bn (£15.5bn).

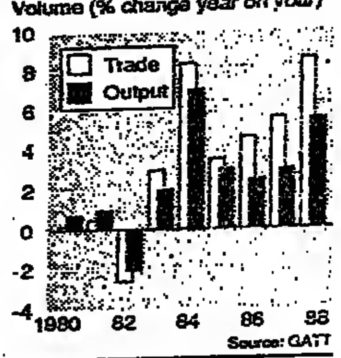
However, Gatt notes, this favourable trade development was accompanied by a slowing in per capita income growth, rising interest rates on debt and the absence of fresh capital inflows.

One aspect of the report, breaking down trade growth by regions, reflects the dynamic expansion in the Pacific area. The fastest growth, over 30 per cent in value, was in trade among the West Pacific nations.

In second place, with a value increase of over 20 per cent, came trade between North America and the West Pacific. In contrast, transatlantic trade is estimated to have grown in value by around 15 per cent

World trade & output

Volume (% change year on year)



Source: GATT

COMPANY NOTICES

National Westminster Bank PLC

(Incorporated in England with limited liability)

Issue of U.S.$ 500,000,000
PRIMARY CAPITAL FRNs (Series "C")

(Floating Rate Notes)

In accordance with the provisions of the Notes, notice is hereby given, that for the three months interest period from February 28, 1989 to May 31, 1989 the notes will carry an Interest Rate of 10 3/16% per annum.

The interest payable on the relevant interest payment date, May 31, 1989 against Coupon No. 14 will amount to U.S.$ 260.35 for Notes of U.S.$ 10,000 nominal and U.S.$ 2,603.47 for Notes of U.S.$ 100,000 nominal.

Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

Kingdom of Denmark

U.S.$ 37,500,000
Floating Rate Notes due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from February 28, 1989 to August 29, 1989, the Notes will carry an interest rate of 10.475 % per annum.

The interest payable on the relevant interest payment date, August 29, 1989 against coupon n°9 will be U.S.$ 52,956.94 for each Note of U.S.$ 1,000,000 and U.S.$ 26,478.47 for the Note of U.S.$ 500,000.

Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

U.S. INDEX FUND
SICAV
16, boulevard Royal,
Luxembourg
R.C. Luxembourg B 24 714

NOTICE

is hereby given that an extraordinary general meeting of shareholders will be held at the registered office at 16, boulevard Royal, Luxembourg on Friday, 17th March, 1989 at 2 p.m. in order to resolve about the following:

1) Amendment of the articles, including Amendment of article 3 to insert the word "transferable" before the word "securities" in the first paragraph and to replace the reference to the law of 25th August, 1983 by that to the law of 30th March, 1988 in the second paragraph, as well as other amendments to articles 2, 13, 16, 20, 22, 23, 25, 27 and 28 required or permitted by the law of 30th March, 1988 to adjust the articles to certain changes of general comply and to make some further amendments to article 22.
2) Change of investment restrictions to comply with part 1 of the law of 30th March, 1988 on collective investment undertakings.

The shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the meeting and resolutions will be passed by an affirmative vote of two/thirds of the shares present or represented at such meeting.

Proxy forms containing the full wording of the proposed amendments are available upon request at the registered office. In order to be valid proxy forms duly completed must be received at the registered office on March 16, 1989 at 5 p.m. at the latest.

24th February, 1989 — The Board of Directors

GT US SMALL COMPANIES FUND
Société d'Investissement à Capital Variable
2 boulevard Royal
L - 2953 LUXEMBOURG
R.C. Luxembourg B - 25176

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN to shareholders in GT US SMALL COMPANIES FUND that as the quorum required at the Extraordinary General Meeting held on February 23, 1989 was not obtained, a second Extraordinary General Meeting will be held at the registered office of the Fund on March 30, 1989 at 4.00 p.m. to consider the following agenda:

1. to amend the Articles of Incorporation so as to adjust such Articles in order to satisfy the requirements of the Law of March 30, 1988; and
2. to amend the Articles of Incorporation so as to make certain further adjustments to the Articles, including the removal of the requirements for notices to be sent to registered shareholders by registered mail, to amend the facility to reduce or defer redemption requests in particular circumstances, to provide for the annual distribution of at least 85 per cent of the net investment income and to revise the fee structure.

Shareholders are advised that no quorum is required at the Extraordinary General Meeting and that decisions will be taken at a majority of 2/3 of the shares present or represented at the meeting.

BOARD OF DIRECTORS

ESKOM
Electricity Supply Commission

ECU 50,000,000
Floating Rate Notes due 1990

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from February 28, 1989 to May 31, 1989 the Notes will carry an interest rate of 9 5/16% per annum.

The interest payable on the relevant interest payment date, May 31, 1989 against coupon No 16 will be ECU 23.80 per Note.

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The interest payable on the relevant interest payment date, August 31, 1989 will amount to, US$ 536.67 for Debentures of US$ 10,000 nominal and US$ 5,366.70 for Debentures of US$ 100,000 nominal.

The Reference Agent
KREDIETBANK
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GT DEUTSCHLAND FUND
Société d'Investissement à Capital Variable
2 boulevard Royal
L - 2953 LUXEMBOURG
R.C. Luxembourg B - 25023

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN to shareholders in GT DEUTSCHLAND FUND that as the quorum required at the Extraordinary General Meeting held on February 23, 1989 was not obtained, a second Extraordinary General Meeting will be held at the registered office of the Fund on March 30, 1989 at 3.00 p.m. to consider the following agenda:

1. to amend the Articles of Incorporation so as to adjust such Articles in order to satisfy the requirements of the Law of March 30, 1988; and
2. to amend the Articles of Incorporation so as to make certain further adjustments to the Articles, including the removal of the requirements for notices to be sent to registered shareholders by registered mail, to amend the facility to reduce or defer redemption requests in particular circumstances, to provide for the annual distribution of at least 85 per cent of the net investment income and to revise the fee structure.

Shareholders are advised that no quorum is required at the Extraordinary General Meeting and that decisions will be taken at a majority of 2/3 of the shares present or represented at the meeting.

THE BOARD OF DIRECTORS

GT UK SMALL COMPANIES FUND
Société d'Investissement à Capital Variable
2 boulevard Royal
L - 2953 LUXEMBOURG
R.C. Luxembourg B - 25688
NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN to shareholder in GT UK SMALL COMPANIES FUND that as the quorum required at the Extraordinary General Meeting held on February 23, 1989 was not obtained, a second Extraordinary General Meeting will be held at the registered office of the Fund on March 30, 1989 at 3.30 p.m. to consider the following agenda:

1. to amend the Articles of Incorporation so as to adjust such Articles in order to satisfy the requirements of the Law of March 30, 1988; and
2. to amend the Articles of Incorporation so as to make certain further adjustments to the Articles, including the removal of the requirements for notices to be sent to registered shareholders by registered mail, to provide for the annual distribution of at least 85 per cent of the net investment income and to revise the fee structure.

Shareholders are advised that no quorum is required at the Extraordinary General Meeting and that decisions will be taken at a majority of 2/3 of the shares present or represented at the meeting.

THE BOARD OF DIRECTORS

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For the period from February 27, 1989 to May 30, 1989 the Notes will carry an interest rate of 10⅛% per annum with an interest amount of US$ 2,557.50 per US$ 100 000 Note. The relevant interest payment date will be May 30, 1989.

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AKRANES AND BORGARFJORDUR HEATING CORP.
US$ 10,000,000 Floating Rate Notes due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from February 28, 1989 to August 28, 1989, the Notes will carry an interest rate of 10 1/2 0/0 % per annum.

The interest payable on the relevant interest payment date, August 28, 1989 against coupon n° 9, will be US$ 53,083.33 for each Note of US$ 1,000,000.

THE AGENT BANK
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Denmark

The Financial Times proposes to publish a Survey on the above on

5th April 1989

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Japan to alter chip price monitoring

JAPAN has decided to alter its monitoring of overseas computer-chip prices, one of the key provisions of a semiconductor agreement between it and the US, an official said yesterday, AP reports from Tokyo.

Under the pact, agreed in 1985, Japan pledged it would monitor the prices of Japanese memory chips sold in third countries as a means of discouraging their resale in the US at cheap prices.

The agreement resulted from a series of complaints by US semiconductor makers that Japanese companies had sold memory chips in the US below their fair market price.

The monitoring provision has been sharply criticised by European countries, which claimed it regulated prices in other nations and therefore violated Gatt rules.

In a ruling last March, Gatt said the European complaint was valid.

"The third-country monitoring is not consistent with Gatt, so we will have to modify the agreement," a Japanese official said.

China order for Snamprogetti

SNAMPROGETTI, the Italian plant engineering subsidiary of Italy's state-owned ENI group, has won a L90bn (£38m) contract to build a polyethylene plant in China, Alan Friedman reports from Milan.

The project, agreed with the China Petrochemical International Company, calls for Snamprogetti to build the plant within 30 months. To be located near Shanghai, it will produce low-density polyethylene for use in China.

US tank navigation order for UK group

By **David White**, Defence Correspondent

GENERAL DYNAMICS, manufacturers of the US Abrams series of tanks, has chosen Smiths Industries, the British aerospace and instrumentation group, to develop a positioning and navigation system for its next model, the M1A2.

The UK company said the deal, involving equipment made at its Grand Rapids plant in the US, was expected to generate orders worth $200m (£111m) for the new Abrams and other tanks.

The choice of a UK supplier was made in spite of General Dynamics' failure last year to clinch a British Army contract, for which it had promised a wide range of offset deals with British industry.

Smiths said its system, designed so that tank crews can position their vehicles accurately while driving at combat speeds, was also under consideration for the Vickers Challenger II, which is being developed as the UK's first choice for the country's next main battle tank.

The navigation device can also be fitted on other tanks, Smiths said. The company's system, which has undergone extensive trials in the US, is to be developed further under the programme to meet the specific requirements of the M1A2. It is the first time the company has supplied this kind of equipment to the US.

French airline in $300m deal to buy Fokkers

By **Laura Raun** in Amsterdam

FOKKER, the Dutch aerospace group that is interested in buying Short Brothers of Belfast, has won a $300m (£166m) order for eight Fokker-100s and an option for four more from France's Transport Aérien Transrégional (Tat).

Tat will use the 100-seat twin-jets to strengthen its fleet in expectation of rapid growth in air traffic amid European liberalisation.

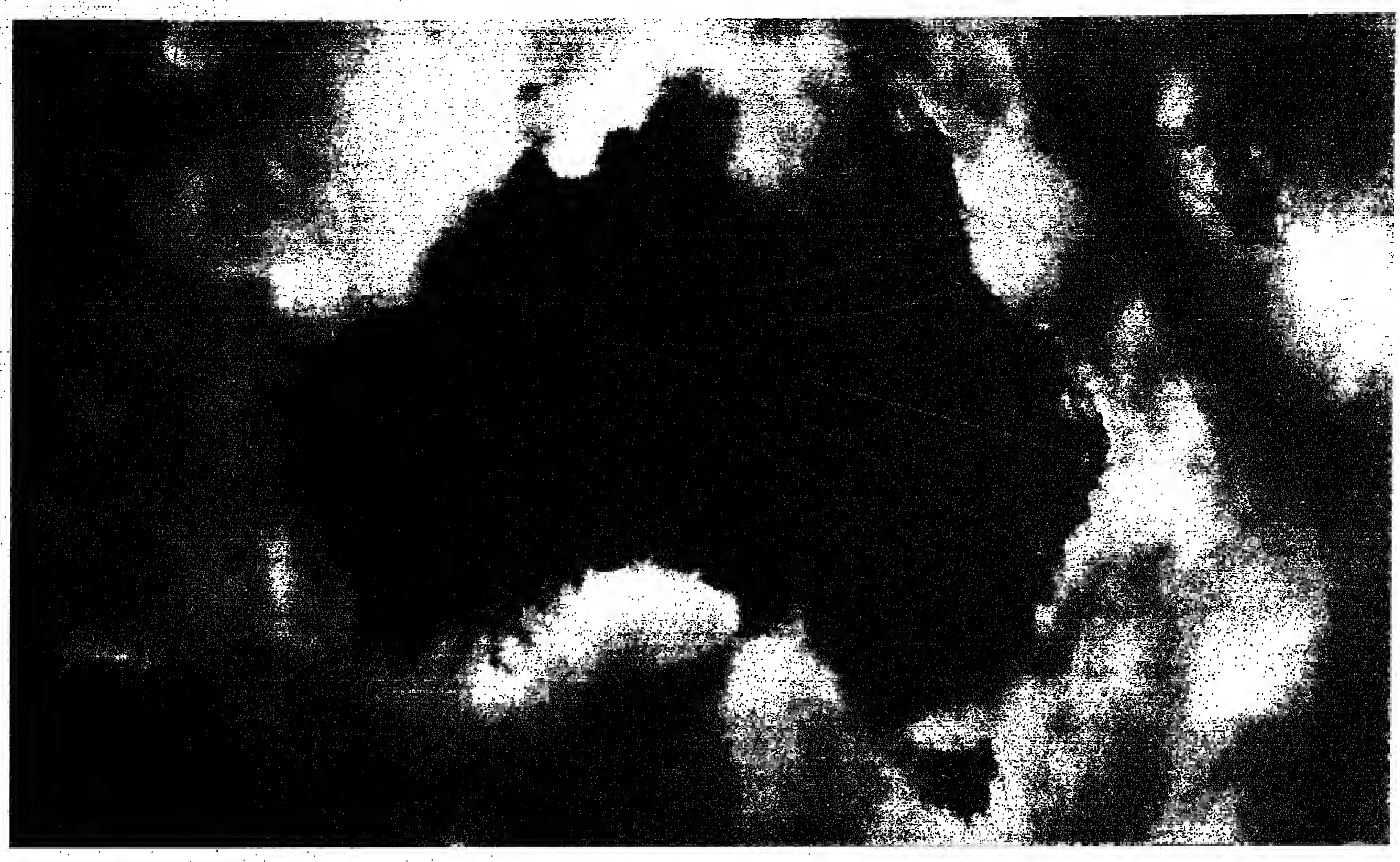
The privately-held French airline is a loyal Fokker customer, with the biggest F-28 fleet in Europe.

The first four of the F-100s in Tat's canary yellow livery will be delivered next year and the other four in 1991 under the contract signed yesterday. The aircraft will be outfitted with the standard Rolls-Royce Tay 620 engines.

The contract brings Fokker's F-100 order book up to 126 firm orders and 92 options.

A leasing company may be set up to lease the second batch of four craft to Tat, which has sought more leveraged forms of finance along with its fast growth since its founding in 1968.

Negotiations are under way between Tat, which would take about 55 per cent, a "big European bank," which would take around 35 per cent, and Fokker, which would have the remaining 10 per cent.



UK NEWS

NATIONAL INSTITUTE REVIEW

Lawson warned against tax cuts

By Peter Norman, Economics Correspondent

ONE of Britain's leading economic research groups yesterday told Mr Nigel Lawson, the Chancellor of the Exchequer, he should avoid large tax concessions in the budget and instead map out a tight fiscal policy for some years ahead.

In its latest quarterly review of the British economy, the National Institute of Economic and Social Research said: "There is no good case for a further cut in the average rate of income taxation" this year.

Mr Lawson's main budget task on March 14 should be to present a "fresh and more relevant statement" of the Government's medium term financial strategy (MTFS).

Mr Andrew Britton, the institute's director, said its advice would not preclude the Chancellor from making a minor income tax cut, provided he made clear the Government would run large budget surpluses for some years.

Such a policy combination could create the climate in which the pound's exchange rate would remain stable while interest rates could fall by "several percentage points through the remainder of the year," the institute's report added.

The report also said if the Chancellor conforms with its forecast and cuts income taxes by about £3bn amid expectations of a gradual depreciation of sterling this year without revamping the MTFS "we would expect interest rates to remain high for the rest of the year at least."

In its economic forecast, the institute said it expects a marked slowdown in output to a 1.5 per cent annual rate of growth by the end of this year. The slowdown, which is expected to continue in the medium term, will make recent rises in real wages and profit margins unsustainable.

The institute expects some drop in inflation to an annual rate of around 5.8 per cent in the fourth quarter of this year from 7.5 per cent at present but perhaps no further progress in 1990.

The institute called for a budget with "an unambiguous description of monetary and fiscal policy showing how the current problems of the economy will be addressed in the next five years."

It said it would like to see a reduction in the level of interest rates reinstated as an objective of policy in the MTFS as well as projections for borrowing by the private sector and for the current account balance of payments.

UK faces high inflation and slow growth

By Our Economics Correspondent

BRITAIN faces slower economic growth, relatively high inflation and the likelihood that the annual current account balance of payments deficit will remain at present levels for two more years, according to the National Institute of Economic and Social Research.

In its latest quarterly review, the institute expects real, inflation-adjusted gross domestic product will increase by around 2.5 per cent this year compared with 4.7 per cent in 1988.

This projection implies the annual growth rate slowing to only 1.5 per cent in the fourth quarter of this year.

In 1990, which is included in the institute's short-term forecast for the first time, economic growth is expected to slow further to around 0.8 per cent.

While not forecasting a recession in the strict sense of the word, the institute warns that 1990 may see no growth in domestic demand because both consumption and investment will be very depressed.

It projects a 2.1 per cent decline in gross fixed investment next year after a 4.4 per cent gain in 1989.

Manufacturing investment is expected to drop by around 9 per cent in 1990 after a 10.4 per cent rise this year and a 13 per cent gain last year.

The growth of consumers' expenditure is projected to slow to 0.7 per cent next year after 3.2 per cent in 1989 and 6.2 per cent in 1988.

NATIONAL INSTITUTE REVIEW FORECAST

	Home economy: Real GDP† Total	Non-oil	Manu. output‡	Jobless♣	RPI♥	Current balance♣	PSBR♦	World economy: Real GNP☆	Consumer prices	World trade★
1987	4.6	5.0	5.8	2.6m	4.1	-£2.7bn	-£3.5bn	3.4	2.8	5.5
1988	4.7	5.2	6.7	2.1m	6.5	-£14.3bn	-£12.8bn	4.0	3.3	7.3
1989	2.5	2.6	2.2	1.8m	5.8	-£14.3bn	-£16.2bn	2.8	4.8	5.4
1990	0.8	0.8	-0.6	1.9m	5.9	-£14.1bn	-£17.6bn	2.1	4.2	3.8

† Output measure, % change, year on year. ‡ % change, year on year. ♣ UK, wholly unemployed (excluding school leavers), fourth quarter. ♥% change, fourth quarter on fourth quarter. ♣ year. ♦ Fiscal year. ☆ major seven, % change, year on year. ★ Volume of world trade, % change, year on year.

The economic slowdown is expected to cause the present fall in unemployment – which the Government put at below 2m in its latest official jobless figures – to level off around the end of this year.

Using the UK Government's latest definition, the institute sees the jobless total bottoming out at 1.8m before creeping upwards again.

In the longer term, it believes unemployment could average around 2.7m between 1991 and 1997.

In spite of slower growth, the institute doubts whether Britain will secure major gains in the battle against inflation, which at present stands at more than 7 per cent.

It projects a fall in the annual rate of retail price increases to 5.8 per cent in the final quarter of this year from 6.5 per cent at the end of 1988.

Retail price inflation, however, will be stuck at an annual 5.9 per cent in the final quarter of 1990.

Average earnings are expected to increase by 8.2 per cent next year after 9 per cent this year and 8.7 per cent in 1988.

The institute makes the point that its projections for next year are not greatly different from those published last November.

In the case of this year's current account balance of payments deficit, however, it sees an slight improvement compared with the earlier forecast.

The deficit this year is expected to total £14.3bn, unchanged from last year, and decline fractionally to £14.1bn in 1990. In November, the institute forecast a continuing deterioration to £15.2bn this year.

The institute's detailed forecasts show that it expects British exports of goods and services to jump by 6.3 per cent this year and 3.7 per cent in 1990 after a small 0.4 per cent rise last year.

The growth of imports, meanwhile, is expected to slow to 6.7 per cent this year and 1.3 per cent in 1990 from 12.3 per cent in 1988.

Personal savings, which have been blamed for exacerbating the balance of payments deficit, are expected to stay low at around 1 per cent of disposable income this year and between 1.5 and 2 per cent in 1990.

After last year's large forecasting errors by the Treasury and independent forecasters including the National Institute, the institute is careful to issue a health warning with its latest report.

The forecasts are subject to a margin of error, it says. Economic growth this year could turn out anywhere between zero and 3 per cent, while inflation could be in a range from about 4 to 7 per cent.

"A reasonable interpretation" of the projected current account deficit in 1989 might be between £10bn to £20bn, the institute added.

National Institute Economic Review, No 127, February 1989. 2 Dean Trench Street, Smith Square, London SW1P 3HE. Annual subscription £55 (UK).

Britain 'far behind in training of engineers'

By John Gapper, Labour Correspondent

ABOUT 2,000 City Technology Colleges, intended to provide secondary school pupils with a technically oriented education, would have to be opened to solve the country's shortfall in engineering craftsmen, according to a review study.

The study compares the numbers trained in engineering skills at all levels in Britain, West Germany, France, the US and Japan. It concludes that Britain needs at least 50,000 more craftsmen a year to match the others.

It says a falling trend in the numbers trained to craftsman standards "despite the Government's very expensive Youth Training Scheme and related initiatives, must continue to be Britain's most serious worry."

The study by Mr Sig Prais follows controversial research in the Government's Employment Gazette in December 1987 which suggested Britain was on a par with competitors and engineering qualifications at upper levels exceeded others.

It concludes that the largest discrepancy between training rates exists at craftsman level. At first-degree level Britain trains as many as France, a third fewer than Germany and the US and only half the Japanese total.

The study says the shortfall in craftsmen means another 50,000 a year would need to be trained to match France and Japan, and a further 80,000 a year would be needed to attain German standards.

It calls into question two aspects of Government policy. First, it says that plans to open about 20 CTCs by the end of the year may not be adequately ambitious. It also says that the activities of the Engineering Industry Training Board should be expanded rather then curtailed, as is presently proposed.

Both in West Germany and France there are twice as many qualifying each year as craftsmen as at technician level or with university degrees, and university graduates often have to carry out work that should be done by those with lower skills.

Pipeline to create up to 2,000 short term jobs

By Peter Marsh

SOME 2,000 short-term construction jobs are due to be created by a plan to build a £90m pipeline to feed chemicals to two manufacturing sites in north-west England run by Royal Dutch Shell, the oil and chemicals group.

Shell Chemicals, the group's UK chemicals arm, said yesterday it would be applying tomorrow for necessary authorisation from the Department of Energy to build the pipe, which could be in operation by 1992.

The 250-mile pipe is to channel ethylene, an important feedstock for plastics and other synthetic materials, to two Shell plants at Carrington, near Manchester, and Stanlow, near Chester.

The transmission system would link these two plants with a big ethylene production facility at Mossmorran, Fife, run by Exxon, the US oil company.

Under an arrangement with Exxon, Shell takes 300,000 tonnes a year of ethylene from Mossmorran and feeds it to Carrington and Stanlow using an existing pipe. Shell shares the use of this pipe with Imperial Chemical Industries, Britain's biggest chemicals company.

The new pipe is required because ICI's heavy demands on the existing transmission system mean little spare capacity is available for Shell.

The new pipe, assuming it is built, will link Carrington and Stanlow to Mossmorran along a route in north-west England that for much of the way roughly follows the line of the M6 motorway.

A rival route for the pipe, described in yesterday's Financial Times, would have linked Carrington and Stanlow with ICI's plants on Teesside which are connected to Mossmorran by another transmission system.

Under Shell's plans for the 1990s, the company could be using up to 700,000 tonnes a year of ethylene at Carrington and Stanlow, more than double the amount now. Most of this ethylene would flow along the new pipe from Mossmorran.

Cool response to Ashdown pact from Owen

By Philip Stephens, Political Editor

ATTEMPTS by Mr Paddy Ashdown, the Social and Liberal Democrat leader, to forge a limited electoral pact in Britain with the rival SDP drew a cool response yesterday from Dr David Owen, the SDP leader.

An exchange of letters by the two leaders offered little apparent prospect that the Government's narrow victory in last week's Richmond by-election in North Yorkshire would provide the catalyst for a deal between the centre parties.

Dr Owen, buoyed by his party's strong second place in the Richmond poll, did leave the door open to talks to end the open warfare which has existed between the two parties since last year's break-up of the Liberal-SDP Alliance.

Dr Owen, a former Labour Party foreign secretary, retained the leadership of the SDP (Social Democratic Party) after it split from the Alliance, which subsequently renamed itself the Social and Liberal Democrats (Democrat).

Ashdown: basis for agreement

The Democrat offer represented an improvement of its former position of attempting to "strangle" the SDP and would be discussed at a meeting of the SDP's National Committee next month, Dr Owen said.

He made it clear, however, that he was sceptical about the suggestion the two parties should operate a system of joint selection of by-election candidates.

Mr Ashdown hopes the idea will provide the basis for agreement on a single candidate to fight tha forthcoming by-election in the Vale of Glamorgan. That hope won support last night from the South Glamorgan County Council SDP leader Mr Tony Jeremy who said he was "absolutely convinced" the two parties should field a single candidate.

Mr Ashdown was forced to acknowledge, however, that it was unlikely that his latest proposal would find universal support within his own party. Mr David Steel, the former Liberal leader, said the SDP was engaged in a form of "political blackmail".

Clearly irritated that the Democrat plan had been leaked in advance to the press, Dr Owen said it offered little that was new and suggested it would not be acceptable to many members of his party. Mr Mike Potter, the SDP candidate in Richmond, had already indicated that he would oot have stood on the basis of joint selection.

Owen: offers little new

Dr Owen also indicated that his main political goal in the run-up to the geoeral election due by 1992 would be to establish a wider "constitutional coalition" – including the Labour Party – to defeat Mrs Margaret Thatcher.

Mr Ashdown's latest plan, detailed in a lengthy letter yesterday morning, followed the SDP leader's curt rejection over the weekend of Mr Ashdown's request that the two parties reopen merger talks.

The Democrat leader said he was still in favour of merger, but he believed that neither party could afford the luxury of a "destructive stalemate". Under those circumstances he believed that local constituency parties should be allowed to cooperate to select single candidates at by-elections.

Dr Owen's position is that rather than seeking to select joint candidates, the two parties should reach an arrangement where each would stand down in constituencies where the other had a better hope of winning the seat. He is not prepared at preseot to discuss any arrangement for the Vale of Glamorgan, where Sir Raymond Gower, the sitting Conservative MP, died only last week.

In his letter to Mr Ashdown yesterday Dr Owen also made it clear that any future contacts between the two parties should be conducted privately rather than in the full glare of the media.

Summonses issued in Marconi inquiry

By David White and Raymond Hughes

YEARS of investigation into alleged overcharging by the GEC-Marconi defeoce group in cootracts with the Ministry of Defence culminated yesterday with the issuing of summonses against three of the groop's companies and the arrest of three former senior executives and one current employee.

The moves follow a series of allegations into contracts estimated to be worth a total £3.5bn. In particular the investigation is reported to have focused oo the purchase of so-called vocoders, which transform speech into code, in 1982 and 1983, and intelligence signals eqnipment ordered in 1985.

The investigation, begun in late 1986 by the Ministry of Defence police, was taken over hy the Serious Frand Office wheo it was set np in April last year.

The charges against the four men are believed to involve theft, deception and false accounting. All four were released on police bail and are dne to appear at Portsmouth magistrates' court on April 5.

The companies – Tbe Marconi Company, Marconi Space and Defeoce Systems and Marconi Secnre Radio Systems – have been summonsed to appear at the same court next Monday. Tbese were respectively the parent company, the divisional parent company and the operational unit involved in the military signals contracts at the ceotre of the investigation, at the time of the alleged irregularities.

Althongh The Marconi Company still exists as a legal entity, GEC's defence interests were reorganised two years ago nnder GEC-Marconi. Space and defence systems – mostly weapons gnidance – are gronped in separate snbsidiaries, with secnre radio systems, including cryptography, becoming a division of the latter.

GEC-Marconi has repeatedly denied any wrong-doing, and Lord Weinstock, the group's managing director, has complained about the damage to the gronp's repntation in export markets as a result of the investigation.

Tbe men cbarged inclnde Major-General John Sturge, former general manager of Marconi Space and Defence Systems, who was appointed managing director of the Portsmonth-based Marconi Secure Radio Systems in 1984. The others were Mr William George Didcote, Mr Ricbard Berry Ellingbam and Mr Roger Pepperell.

Demand for quality IT raises prices

By Alan Cane

A SHORTAGE of quality British information technology (IT) companies is pushing selling prices to very high levels, as a growing wave of consolidation and rationalisation continues to reshape the UK computer industry.

There were 197 mergers and acquisitions with values of £500,000 or more in in 1988, an increase of 66 per cent over 1987, according to Regent Associates, an acquisition broker specialising in computer companies.

Computer software and services remained the most active industry sector with 76 transactions, a increase over 1987 of 58 per cent by number and 261 per cent by valne. The largest deals included the acquisition of Hoskyns Group by Plessey (£164m), Sema-Metra of France by CAP Group (£93.7m) and IBM Science Research hy Maxwell Communications (£86m).

The total value of the companies that changed hands last year came to £3.6bn, the latest issue of its regular acquisitions report says.

Mr Peter Rowell, Regent managing director, said: "It is still a sellers' market; there is a shortage of quality companies and this is maintaining prices in some sectors at spectacularly high levels."

The report says within the software and services sector, value-added resellers (who add specialised software to computers purchased from hardware manufacturers) and software bonses acconnted for more that half the 76 companies acquired.

Thare was considerable interest in software houses writing programs for Digital Equipment computers and for IBM's important new mid-range AS/400 system.

"Quality targets" Regent says "fetched well in excess of the average price multiples being paid in the sector". The biggest increase in deal activity occurred in companies providing support services such as distribution and finance.

There were 60 transactions in this sector, an increase of 107 per cent on the previous year. Erskine House, for example, led the list of multiple acquirers with 13 separate deals, followed by Atlantic Computer with six and Maxwell Communications with five.

Hardware companies proved relatively unattractive with low prices being paid for companies struggling in the face of competition from Asia.

Government to take £390m Shorts debt

By Michael Donne, Aerospace Correspondent

THE Government yesterday took a big step towards the privatisation of Short Brothers, the Belfast aerospace group, by taking over the company's £390m debts with the commercial banks.

These will be paid off and replaced by convertible loans from the Government to Short Brothers at National Loans Fund rates, which will be convertible into equity on the company's sale. The arrangement is subject to European Commission approval.

Mr Peter Viggers, Northern Ireland Minister for Industry, said yesterday that this was an interim move on the path to privatisation.

The cash required will be covered by adjustments to the 1988-89 spring supplementary estimates for Northern Ireland.

Last week's report from the House of Commons Trade and Industry Committee on Short Brothers' privatisation, suggested that the cost to public funds would be between £700m-£850m.

That sum, the committee suggested, would include not only covering the company's debt and its current accumulated deficit of £266.9m, hut also guaranteeing future liabilities, establishing working capital and providing launch aid for the company's proposed major new short-range regional jet airliner, the FJX.

The latter is seen as a significant element in the privatisation issue, ensuring the company's fnture in the world aircraft market and providing cross-fertilisation of technological skills to other divisions, such as aerostructures and missiles.

The Government'a financial advisers, Kleinwort Benson, are studying a number of interested purchasers of Sbort Brothers.

The most prominent so far mentioned is a consortium headed by GEC of the UK in association with Fokker, tbe aircraft manufacturer of the Netherlands.

GEC's interest is apparently in Shorts' guided weapons division and Fokker's in safeguarding the Belfast group's wing production for the Fokker Type 100 twin-engined jet.

Another contender is understood to be Bombardier, Canadian group which owns Canadair, which is huilding the Challenger executive jet and a New Regional Aircraft a direct rival to the FJX. A link between Shorts and Canadair would bring the FJX and NRA together.

Shorts' management is believed to feel it could work with Canadair in such a joint venture, although so far, there have been no direct talks on the project.

SGST moves into equity markets for the first time

By Nick Bunker

SGST Securities, the London stockbroker better known as Société Générale Strauss Turnbull, is to venture into making markets in leading UK equities for the first time later this year, in spite of tbe losses incurred hy estahlished market-makers in the last year.

Mr Paul Tish, executive director (equities), said the SGST decision to enter the competitive field was "a question of our history. We consider this to be the right time."

He said observers had expected SGST to start making markets in equities at the time of the Big Bang stock market reforms in 1986. "We weren't ready at that stage," he said.

SGST said it saw the move as a logical and natural progression from trading in warrants and in convertibles in the Eurobond secondary markets, and in American Depositary Receipts (ADRs). It claims to have a 40 per cent market share in ADR trading.

"We've been market making in warrants for a very long time," said Mr Tish. The firm plans to start hy trading in the shares of 20 leading companies, including BAT Industries, British Telecom, Glaxo, and Hanson.

Concrete companies face OFT action for contempt

By Andrew Taylor, Construction Correspondent

The Office of Fair Trading has begun contempt proceedings in the Restrictive Practices Court against four UK ready-mixed concrete companies and five executives.

They include a senior executive of Redland, one of Britain's biggest building material companies. It is the first time contempt proceedings have been brought against individuals in the Restrictive Practices Court. Hearings begin on April 21.

The four companies are: Pioneer Concrete (UK); Smiths Concrete; Hartigan, and Ready Mixed Concrete (Thames Valley). The five executives are: Mr John Buckland, Redland's director on the board of Hartigan; Mr Lindsay Stone, a director of Pioneer Concrete; Mr Peter Hayter, a former sales manager at Smiths Concrete; and Mr Tony Lewis and Mr Tony Hulett, of Ready Mixed Concrete.

Sir Gordon Borrie, Director General of Fair Trading alleges tbe companies concluded price-fixing and market-sharing agreements in parts of Oxfordshire during 1983 and 1984.

Casting doubt on the parity of City rules

Katherine Campbell examines First Interstate's decision to spin off its securities arm

WHEN the UK authorities built the City of London financial regulatory edifice founded on the 1986 Financial Services Act, they were particularly keen to avoid regulatory arbitrage – shopping around by financial services companies to get the easiest overseer.

Achieving regulatory parity between hanking and securities has, however, proved tough.

First Interstate Capital Markets, the UK merchant banking arm of the Los Angeles bank, has chosen to take its securities functions out of the the main banking business and create a new affiliate responsible to the securities regulators rather than to the Bank of England.

First Interstate's action has cast doubt on the declared aim of tbe cnrrent regulatory regime to treat institutions in the same business equally.

It felt that establishing a separate vehicle wonld enable it to operate in the Eurobond market more cheaply because of differing capital requirements. A number of other institutions are understood to be considering whether they should continue to run securities business off bank balance sheets.

Merchant banks which combine the two activities on one balance sheet choose whether to adopt the Bank of England or the Securities Association (TSA), the self-regulatory body for securities markets, as their lead regulator.

The two watchdogs bsve very different styles, particularly in setting standards for the amount of capital which businesses must bold. Banking regulators traditionally have a flexible system of setting minimum capital levels, while securities regulators have a set of sophisticated but rigid formulae for assessing the risks of different classes of assets.

Mr David Lord, managing director of First Interstate's UK operation, said capital requirements for securities positions laid down by the Bank of England were so onerous that the firm decided it would have to look for an alternative arrangement if it was to keep its Eurobond business.

TSA capital adequacy requiremeots are formulated primarily for securities houses which generally have a balance sheet of liquid shorter-term assets rather than for banks, whose assets are typically less tradeable looger term loans.

TSA officials insist that their liquidity requirement is more stringent than the Bank's regime. That is because tbe TSA, though bolding a slightly less strict position requirement, insists that firms hold capital equal to three months expenses.

The TSA argues that its firms need less capital for underwriting positions in the securities markets because of the likely short term nature of the exposure. Investment houses enter into such commitments in the expectation that they will offload tbe paper within a relatively sbort period of time. The TSA thus stipulates a graduated capital charge, applying full position risk requirements only after 30 days.

As far as tbe Bank of England is concerned, however, such underwriting positions fall squarely into the realm of its large exposure policy, whereby tbe maximum exposure to one party should not exceed 25 per cent of the firm's capital.

The more extensive are tbe securities activities, clearly the less favourable it is. Mr Lord estimated tbat the securities side of First Interstate contributed about 20 per cent of the UK operation's profits.

Thougb it is difficult to generalise from one specific case, the First Interstate move suggests that a proper division between securities and hanking regulation has yet to be achieved.

UK Customs to review its rules for exporters

By Peter Montagnon
World Trade Editor

HM Customs and Excise is to review its procedures for checking exports in an effort to make them simpler for business to comply with.

The review is part of the UK Government's rolling programme of reviewing regulations which affect husiness.

Customs checks on exports are need to ensure compliance with UK and EC export controls, for example on sales of sensitive technology to the Soviet hloc, as well as to prepare accurate figures for the overseas trade statistics.

Shell managing director killed in car accident

MR DAVID WELHAM, group managing director of the Royal Dutch Shell group, and his wife were killed yesterday morning in a car accident in Sussex, southern England.

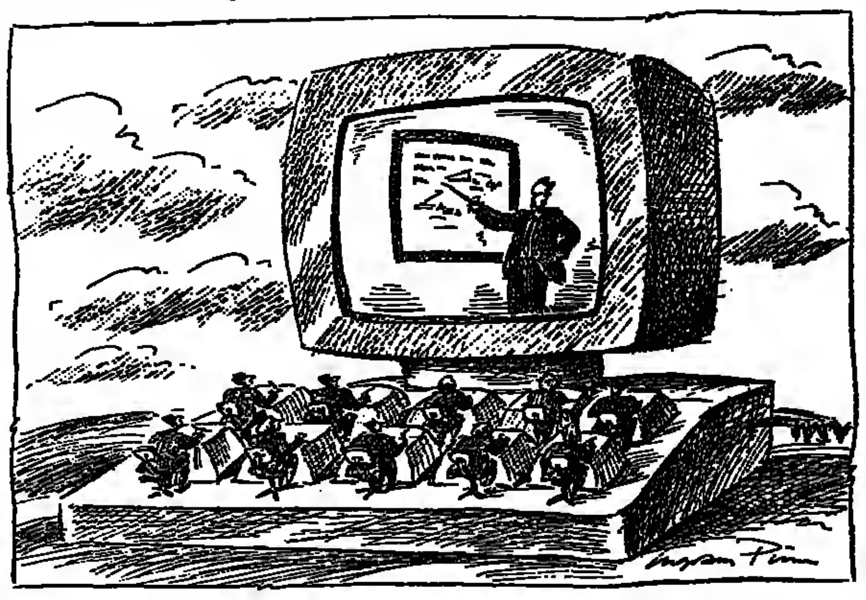
Mr Welham, who was born in 1930, served as group managing director since 1986, when he was also appointed managing director of Sbell Transport and Trading, and finance director of the group. He was responsible for the company's activities in the western hemisphere and in Africa, as well as finance and and computing.

He was appointed group treasurer of the Royal Dutch Shell group in 1983.

TECHNOLOGY

Working out the value of training on screen

Della Bradshaw finds out why companies are turning to computer-based courses



Businesses in the UK will this year spend nearly £7bn on training materials. Of that about one per cent will be spent on high technology courses, such as computer programs or video disks, and that amount is growing rapidly.

Companies which have invested in high technology training – learning in the workplace using a computer terminal rather than in a training centre with a teacher – argue that it produces better qualified staff for less money.

One such example is Britain's largest building society, the Halifax. Liberated by the Financial Services Act, it has greatly increased its range of services. Adrian Poole, project leader of the interactive training programme (Hit), says that staff in 750 branches have had to learn about more than 100 new services, including mortgages, insurance, personal loans and credit cards.

In an increasingly competitive marketplace, the main aim of Hit is to help staff sell more services – and that is dependent on the speed with which they can be trained, says David Thomson, controller of office and specialist systems in the computer division. "We don't want to have to wait several months to launch a product while we develop a training package and then bring in all the staff to train them."

By the end of this year, the Halifax will have spent £5.2m on hardware and software to train 15,000 staff. The two mainstays of its operation are:

- Computer-based training, where a program stored on personal computer (PC) disk instructs and tests students who respond via the keyboard.
- Interactive video systems, where a combination of video pictures and computer graphics is stored on a laser disk, which is used with a PC. For example, the Halifax is developing a disk to educate staff about the current account service which it will launch later this year.

Interactive video is better for courses where inter-personal skills need to be demonstrated, such as dealing with customers. The cheaper computer-based systems are suitable for product information. A single video disk program, giving about one hour of teaching, would cost about £40,000 to develop, compared with about half that for a computer program.

A third computer-based system is digital audio. A CD-Rom, combining voice and data on one disk, gives voice prompts related to instructions or information appearing on screen. British Telecom (BT) is using this system to train its operators to use computerised telephone exchanges. The voice element simulates an incoming emergency call and, as the operator reacts, prompts and information appear on the screen as they would in an actual emergency.

BT estimated that it would have cost £40m if its 20,000 operators had been gathered together in classrooms and taught by teachers. Most of the expense would have been incurred as lost working time while operators were taken away from their positions. The CD-Rom system has cost BT £4m.

Another advantage is that a disk containing the relevant information about a product or service can be sent simultaneously to all branches, so that all staff are trained at the same time, to the same standard.

The throughput is also much higher than with traditional methods. In the 18 months since the National Westminster Bank introduced computer-based training, 15,000 employees have studied 118,000 sessions.

Because the training is one to one, between student and terminal, retention levels are high and each student goes at his or her own pace. If there are difficulties with part of the course, the student can repeat the relevant section and the material is always available for revision.

Other companies which have opted for computer-based learning include Ford, Shell International and several of the banks. Alan Ballinger, marketing director of Applied Learning, one of the biggest suppliers of off-the-shelf computer-based training packages, says the market has gained momentum over the past two years and will grow by 40 per cent in 1989. Nearly 80 per cent of the packages sold by his company are for training staff to use computers.

Although generally in the lead in technology applications, the US is only neck and neck with Europe in implementing computer-based training. Last year US companies spent £240m on software packages for computer-based and interactive video systems. The UK spent £42m, according to Ballinger.

However, companies such as NatWest and the Halifax agree that some areas, including management training and "grey" areas where there is no right or wrong solution, are still better achieved face to face in a classroom.

Before plumping for microcomputer-based training, the Halifax considered two other options. The first was to put training programs on the society's main computers, so that users of terminals in the branches could dip in as required. The Halifax decided against that, according to Poole, because the 9,000 terminals were in almost constant use for business.

The second option was to use a public videotex network, such as Prestel in the UK, but the Halifax felt this was too slow.

One organisation which has taken that route is the Association of British Travel Agents (Abta). It will launch a range of courses for its member travel agents in April aimed at new staff. The courses include Introductions to cruising, skiing, hotels and so on.

David Ferguson, computer-based training manager for Abta, says videotex was the obvious choice because it was "the lowest common denominator" among travel agents. The travel industry has more than 7,000 videotex terminals, used to obtain information and make reservations.

Ferguson believes videotex-based systems are limiting because only numbers can be tapped in, not letters. As a result, the Abta training courses include workbooks, as well. Because the main course is held on a central computer, which the student can only get into over a telephone line, call charges can make the system expensive.

Being a pioneer of new technology, such as interactive video, can have its drawbacks. At the moment there are relatively few suppliers of either hardware and software – the Halifax package was put together by Philips, and other video disk suppliers include Sony and Pioneer.

So far, manufacturers have not been able to agree on standards for the equipment, in particular for the interface between the personal computer and laser disk player. In Europe most companies are using a system developed by VideoLogic, of Watford in the UK, whereas in the US most manufacturers are following an IBM standard.

The American trade body, the Interactive Video Industries Association (IVIA), and its UK equivalent, the National Interactive Video Centre (NIVC), are working towards an international standard, but that remains some years away. In the meantime companies such as VideoLogic are developing software to enable the transfer of "courseware" from one system to another.

Software can also solve the problem of incompatible video recording standards in the US and Europe, notably different frame rates and line numbers – 625 lines in the UK compared with 525 lines in the US.

Another more human problem is that it is one thing to install the equipment and another to ensure that it is used, particularly if staff are expected to participate in their free time. And, without testing, it is difficult to gauge whether the information has sunk in.

B&Q, the do-it-yourself chain, has installed "open learning" in its 238 stores and has monitored progress. Janet Rubin, personnel director, says that successful implementation depends on the degree of local commitment. "Local management have to be behind it. They have to take the time to see the value of it."

Monitoring of trials at NatWest shows that learning by computer is as good if not better than that done in a classroom. The bank has solved the problem of allowing staff time for the courses by establishing local training centres in certain branches. Employees travel to these during working hours to do the courses. This means they are not interrupted and called back to their desks. Shared use of training equipment also reduces costs.

Poole, at the Halifax, does not favour testing to monitor how well (or badly) the branch staff are assimilating the information. "The objective is not for people to fail, but for people to learn."

Advance in the war on rust

AN IMPROVED means of fighting rust has been developed by ICI Specialty Chemicals of Belgium and is available in the UK from the company's Leatherhead offices.

Known as Atrust, the anti-corrosion fluid is aimed at companies serving both the industrial maintenance and DIY markets.

The basis of the product is a novel chemical which is a chelating agent (an organic substance which reacts with rust) in an acid medium. This forms a more stable, water-insoluble layer than that provided by currently available rust converters.

Formulations using Atrust also act as good passivating primers (passivation masks the electro-chemical processes that go hand-in-hand with rust formation).

After the removal of loose rust, treatment consists of washing the surface and then painting it with the Atrust-based product. Drying takes a few minutes and a dark purple film is formed.

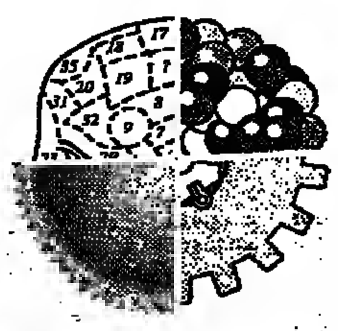
During testing, specimen formulations were applied in a single brush coating to wire-brushed, pre-rusted, cold-rolled steel plate. In standard salt-spray tests, the company says that the formulations "far out-performed even the best of the traditional rust conversion products after 500 hours."

New lubricant for plastics

AS PLASTICS continue to replace metal in engineering applications, attention has focused on lubrication problems, particularly where self-lubrication is inadequate.

In response, Dow Corning, the US-based materials group, has developed a range of products called Molykote Plastislip. The company says that conventional lubricants are often unable to meet the requirements for specific pairs of materials rubbing together. Questions of load bearing, wear and chemical resistance are involved for many types of plastic.

Molykote Plastislip is based on silicones and synthetic, or partially synthetic, oils. It can be tailored to a large number of possible material pairings as well as many variations of temperature, speed and load.



WORTH WATCHING

Edited by Geoffrey Charlish

Software sounds out the enemy

PLESSEY, of the UK, has found a way to improve the performance and extend the life of a system that locates enemy artillery.

The technique, called gun sound ranging (GSR), makes use of seven special microphones deployed across 10 km of the front line. These are connected by radio to a rearward command post.

The microphones listen to enemy gunfire and the arrival times of the sound enable the location of the opposing battery to be worked out. Such systems only emit radio signals for very brief periods, so their presence is unlikely to be given away.

A problem, however, is that on today's battlefields, more information about opposing artillery is needed, more quickly. The 130 GSR systems in service require seven pen traces to be read manually and the information must be keyed into a computer.

Even with computer assistance, interpreting the results is time-consuming. So Plessey Defence Systems has built a digitiser to extract data from the traces semi-automatically and has written software for handling and interpretation.

The company claims a five-fold increase in data handling speed, greatly reducing the time it takes to decide on the appropriate artillery response. During action, data on more than 100 enemy locations can be stored and displayed.

Plessey believes that the enhancements will extend the useful life of sound ranging, which dates from the First World War, to the end of the century. It has an initial order from a Far Eastern country.

Fireside market research

AN ATTEMPT is to be made by the market research company A. C. Nielsen to log the effectiveness of television advertising in the UK by supplying 10,000 householders with hand-held data collection terminals.

These will be used to record opinions by day and to send and receive data cheaply at night. The programme will also gather market research information of interest to manufacturers, retailers and media companies.

The project has brought £3.7m of business to the US-based Telxon Corporation, which will supply the terminals and 10,000 modems, which will allow data to be sent in both directions without the telephone ringing in the 10,000 households.

The company says that this "ring suppression" feature is unique and is attracting the attention of other organisations that need to send and collect information in this way.

Sales-people, for example, while sound asleep, can send their orders to headquarters and receive tomorrow's instructions and information, which can be brought up on the terminal's small screen the following morning.

Tracking the cost of photocopying

WHEN IT comes to allocating the costs of photocopying to the departments, partners or members of an organisation who share a machine, the administration is often thought to be too difficult. Simple, fixed allocations of cost are often inaccurate.

A device developed by Allied Business Supplies in Belfast, with assistance from the Small Business Agency for Northern Ireland, can be connected to any make of machine and can be operated by card or by a personal identification number. It identifies who has copied, from which department, on which copier and at what cost. It also produces invoices.

CONTACTS: ICI Specialty Chemicals: Belgium, 2 7596501 or in the UK on 0372 376122. Dow Corning: UK office, 0734 507251. Plessey: London, 553 8347. Telxon: UK office, 0202 682590. Allied Business Supplies: UK, 0232 471615.

MANAGEMENT: The Growing Business

Lobby groups seek privileges in the Budget

Recent budgets have been something of a disappointment for Britain's small firms lobby groups. Minor modifications in the way VAT is collected and some helpful adjustments to the inheritance tax rules have been made. But radical new initiatives to help the growing business have been lacking.

The problem the lobbyists have is that government policies in recent years have been aimed at encouraging a climate favourable for all businesses and not at creating privileges for small firms.

This approach is misguided, claims Stan Mendham, chief executive of the Forum of Private Business, with 12,900 members. "The small firm is not a smaller version of the big business," he says. "It finances itself differently. It can't grow from retained profits but depends very much on borrowings. "Tax is more important to the small company than to the plc."

For this reason, reducing the tax burden forms an important part of many of the submissions. An increase in the size of company eligible for the smaller firms' 25 per cent rate of corporation tax is sought by the CBI. It wants the cut-off point raised from profits of £100,000 to £250,000.

The owners of unincorporated small businesses who pay income tax at 40 per cent bear a heavier burden than companies paying the 25 per cent smaller firms rate, the National Federation of Self Employed and Small Businesses points out. The Federation, Britain's largest small firms organisation with 50,000 members, calls for retained profits up to £100,000 to be taxed at the standard rate and for the higher rate to apply only to income actually drawn down.

The Union of Independent Companies, the members of which tend to be more established companies engaged in manufacturing, continues to chip away at inheritance tax. It wants it to be held over if shares are transferred to full-time company employees. The Smaller Business Bureau, the Conservative Party's own lobby group, has more far-reaching proposals for both inheritance and capital gains tax. It wants both abolished for the unquoted company.

The National Federation has a proposal to help small businesses contest those tax inspectors' decisions which they believe to be unfair. At present the taxpayer cannot claim his costs if he is successful in an appeal so many pay up even if they do not agree with the assessment. The Federation wants the taxpayer to be given the right to claim costs as is already the case with VAT appeals.

The level of interest charges paid by small companies is another hardy perennial among the lobbyists' demands, though current high rates of interest give added urgency.

The Union of Independent Companies is pressing for the creation of a Business Development Board to be financed with £1bn of government money to provide cheap-rate loans to small and medium-sized companies. The new board, modelled on the German Reconstruction Bank, which recycles Marshall Aid funds to small firms, would provide fixed-rate cheap loans for up to 10 years, the Union says.

A different solution to the problem of the shortage of loan funds is proposed by The Association of Independent Businesses, which has 5,000 members. It wants to encourage large companies to invest in small ones by allowing the larger partner to set up to £500,000 worth of such investments against corporation tax. The investing company would be limited to a 30 per cent stake in any one small company and would be precluded from taking it over.

Equity finance, too, is in short supply for the smaller company. Those wanting less than £250,000, which is the usual threshhold for investments by venture capitalists, are particularly disadvantaged. This problem could be eased by extending BES reliefs to entrepreneurs who invest in companies for which they work and by reducing the time requirement for holding BES company shares from five to three years, according to the Small Business Bureau.

Capital allowances figure prominently in the lobbyists' submissions to the Chancellor. The CBI wants a 100 per cent depreciation allowance on the first £100,000 of investment on plant and machinery by smaller firms; the National Federation would be content with relief on £50,000 of investments, while the Union calls for increased allowances on plant and industrial buildings.

Much has been done for the smaller company since the Bolton Committee reported in 1971 on the parlous state of the sector in Britain. As the range of the lobbyists' demands shows, however, in their eyes there is still some way to go.

Charles Batchelor

A key factor of cash flow

By Charles Batchelor

The businessman who has struggled to get his company established imagines life will be easier when the orders really start flowing in. The reality for many is that a strong upsurge in orders can cause a host of new problems.

How can the business finance the raw materials and the wage costs of completing the new orders when it is already mortgaged up to the hilt? The owner who has already pledged his home, his factory and his equipment as security to his bank has no scope for increasing his overdraft or borrowing limits.

At this stage bank managers often advise customers to consolidate, to build up their assets. But nothing is more damaging for the growing business which is trying to build up a reputation with its customers and potential customers than to have to turn away orders.

The factoring industry has achieved very rapid rates of growth during the 1980s by providing a solution to this problem. A total of 6,180 British companies with a combined turnover of £8.84bn made use of the services of the ten companies (most of them owned by banks) which comprise the Association of British Factors (ABF) in 1988.

In all some 30 companies, including the nine-strong Association of Invoice Factors and independents such as Kellock, Berisford Factors and Chancery Factors, are active in the UK.

Factors provide a three-fold service. They can take over the administration of their client's sales ledger, sending out invoices and making sure that bills are paid on time; provide immediate cash equivalent to up to 80 per cent of their client's invoices; and assess credit risks and provide credit insurance.

Because factors monitor their clients' business on a daily basis, they are able to provide funds when a bank manager would have to say no.

Factors see their market primarily among expanding companies with £100,000 or more worth of sales which sell on short-term credit to a fair spread of customers.

The advantage of factoring to the businessman is that he is saved the expense and trouble of maintaining his own sales ledger department and his salesmen do not have to divide their time between selling and chasing up unpaid bills.

Even more important, the businessman does not have to wait for his customers to pay. This is very useful at a time when smaller companies wait on average 75 days from the date of invoice to be paid and when an estimated £57bn of payments due to small businesses is tied up in unpaid invoices.

Yet many businessmen remain suspicious. When factoring was first imported into Britain from the US in the 1960s factors built up a reputation as being lenders of last resort by backing too many businesses which were already failing.

Many businessmen still resist the idea of using a factor for fear of what their customers might think. Many do so on a confidential basis so that the customer never knows that a factor is involved.

A common objection is that the service is expensive. Factors have long advertised that they will provide up to 80 per cent of the value of invoices. Some businessmen take this to mean the factor keeps the remaining 20 per cent.

This is not the case – the remaining value of the invoice is paid when the client's customer pays his bill. The factor will however charge a fee of between 0.5 and 3 per cent of the value of invoices handled depending on the amount of work involved. If he is providing cash against invoices the money itself will cost between 1.5 and 3 per cent above base rate. Some factors provide the money cheaply but make up for this with higher handling charges.

Combining these two charges – the administration fee and the interest charges – does make factoring more expensive than straightforward bank finance. But for a business which cannot raise extra bank funds it can provide the only way to grow. And, argue the factors, the administration fee can work out at less than the cost of employing a sales clerk.

A second common fear is that a factor will spoil his client's relationships with customers by using strong-arm tactics to make sure the bills are paid. Companies which use factors say they are able to agree on how particular customers should be handled and good customers with a genuine payment problem will not be hassled. However, other businessmen who do not use factors report there are still cases where an amicable agreement between a supplier and a customer has been trampled on by an over-zealous factor.

One area which the businessman should question is the factors' claim to provide cash against a certain percentage of his client's invoices. The factor will only provide cash against the invoices he approves. Most will not approve invoices which are overdue when the franchising agreement starts; some will not handle export orders; most will not finance the excess invoices when a client does more than 40 per cent of his business with one customer. A factor may only be willing to provide 70 per cent cash against invoices but if he is ready to approve a larger number of invoices he may offer a better deal than a rival providing 80 per cent.

Finally, companies should beware of using a factor to disguise an underlying deterioration in their business. If turnover or profitability are falling the factor may provide short-term relief but he will not solve the fundamental problems.

Useful contacts. ABF, Information Office, 24-28 Bloomsbury Way, London WC1A 2PX. Tel 01-831 4268. Association of Invoice Factors. Write to Jordon House, 47 Brunswick Place, London N1 6EE or Tel 0232 (Belfast) 324522.

In brief...

■ British venture capital funds raised £330m in the final three months of 1988 to boost the total amount of money raised in the year to £699m, almost as much as the £708m raised in 1987, the industry's record year.

Most of the capital was raised by existing fund managers as opposed to new entrants to the industry, UK Venture Capital Journal* says in its annual review.

The shift towards more focused funds continued while UK pension funds resumed their position as the major source of capital after being briefly dislodged by foreign institutions in 1987.

The rapid pace of fund-raising shows no sign of slowing down with at least 18 groups known to be seeking funds at present. The amounts involved exceed the sums raised in 1988.

**Available from Venture Economics, 12 Barley Mow Passage, London W4 4PH. Tel 01-994 8009.*

■ A pilot electronic banking service launched 16 months ago in three regions by National Westminster Bank has been extended across the country.

Bankline allows business customers to transfer funds between accounts, obtain balances and send messages to their local branch using an IBM or IBM-compatible computer in their own offices.

The service, intended for companies with turnover between £100,000 and £2m, gives users the benefits of out-of-hours banking and immediate financial control of their business between 7 am on Monday and 10 pm on Saturday of each week, NatWest says.

The basic software costs £99 plus a monthly charge of £7 for each account.

Contact Andy Dickerson, Manager, Bankline, Tel 01-726 1000 ext 3329.

■ Despite the publicity given to 1992 and the creation of a single European market, the likely impact of these changes on business remains unclear to many people.

The Single European Act, Action for 1992, is a two-day conference on March 1 and 2 which will attempt to answer detailed questions on markets, the harmonisation of certification and standards, worker participation, computers and tax.

The conference will be held at St Ermin's Hotel, London SW1 and costs £316.25 or, for one day only, £172.50.

Contact Charles Simeons Conferences, 21 Ludlow Avenue, Luton LU1 3RW. Tel 0582 30965.

■ Companies which sponsor one of Britain's 300 enterprise agencies often want to put a representative on the agency's board but lack local managers familiar with what is involved. To help these managers and improve the quality of the agencies' boards a 41-page handbook has been prepared by Business in the Community (BiC), the agencies' umbrella organisation.

"Serving on an agency board is a valuable contribution to the community but is not like either mainstream business or charitable or voluntary work," says David Grayson, BiC's enterprise director. "We don't want to leave new members to learn on the job."

Available from BiC, 227A City Road, London EC1V 1LX. Tel-01 253 3716. Free.

■ As companies increase their pan-European activities ahead of 1992 a growing number of new publications has emerged to meet their needs for cross-border information on the business climate and opportunities in other community countries.

The European Venture Capital Journal has been launched to cover the continent's growing venture capital community, which now comprises 525 specialist organisations with a Ecu 13bn (£8.32bn) pool of funds to invest.

The Journal contains profiles of venture funds, details of new developments and information on recent deals. It is available from Venture Economics, 14 Barley Mow Passage, London W4 4PH for Ecu 395 for one year's subscription (six issues).

Initiative Europe Monitor describes itself as "the new networking tool for Europe's small and medium sized enterprises." It aims to help the entrepreneur or would-be entrepreneur understand the implications of some of the new phenomena such as venture capital, buy-out, science park and spin-off which have emerged in recent years.

The Monitor profiles a number of small European businesses and looks at the small firms climate and networks in various countries.

Available from Initiative Europe, 5.13 Bondway Business Centre, 71 Bondway, London SW8 1SQ. Tel 01-735 9838 priced £350 for one year's subscription (six issues).

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

British Abstraction is alive and well

William Packer reviews two South Bank touring exhibitions, currently in Newcastle

Albert Irvin in his studio: 'Rather than being pictures of the world, they are pictures about it'

The vaunted revival of figurative painting in the 1980s which has so cheered the less observant among us was no revival at all, for figurative painting was never remotely under threat. And now the boot is on the other foot. Abstraction in its turn is not going to go away, but remains, after a century of modernism, ever available to a serious artist to investigate and exploit. Much of the most interesting painting of recent years has indeed been abstract.

Not before time, two exhibitions now being toured by the South Bank Centre address themselves directly to this issue and the rich material that supports it. Both are didactic in an unburdensome way and, by a nice coincidence, both are currently on show within half a mile of each other. *The Presence of Painting*, at the Hatton Gallery of Newcastle University (until March 12: then on to the Ikon Gallery, Birmingham), selected by Michael Tooby of the Mappin Gallery, Sheffield, is a concise survey of British abstraction since 1957. *The Experience of Painting*, at the Laing Art Gallery down the road (until March 19: then to the Mappin, and on to Stoke) is a closer study of eight abstract painters in their actual practice.

Tooby has taken 1957 as his starting point for the *Presence* for the very good reason that it was in the late 1950s that the work of the Abstract Expressionist painters of the New York School first hit Europe between the eyes. Hitherto known only by rumour and vague report, suddenly here it was, backed by America's full cultural, critical and economic authority, to say nothing of the CIA. To ignore it seemed to be to set one's face against the present, and the crisis in confidence was very great.

The story of British abstraction these past 30 years is one of initial response and assimilation of influence, moving on to resilience and creative independence. It was ludicrous to suppose that a small group of American painters could settle the course of art forever, and looking back we can see now that the dangers were far less than they seemed at the time – the influence was more stimulating than overwhelming and the peculiar identity of British painting wasnever in doubt.

And how good so much of that late 1950s and early 1960s abstraction now appears: inventive, true to itself and full of life. Many of these artists are still working, but unfortunately the chance is missed to follow their development through any persooal chronology. Alan Davie, Gillian Ayres, Terry Frost, Patrick Heron, Bridget Riley, Paul Huxley, John Hoyland, Brian Fielding, Albert Irvin, Bob Law, William Scott, Barrie Cook – all the right names are here and many more, only the hang confuses what it should clarify.

To seek to demonstrate consistency in variety, by putting like with like, is not unreasonable but in this fragmented space it does not work. But the paintings are there to be savoured for themselves, and all the principal strands followed through the period. The point is well made that, in the work of such artists as Jennifer Durrant, John Mitchell, Sean Scully, Martin Ball, Clyde Hopkins, John Carter, Alan Green and Stephen Bnckley, abstraction in Britain is alive as ever and very well.

★

The *Experience* at the Laing is altogether more self-contained and limited in scope, and thus more obviously successful. The eight painters are paired off not to make any collective point but rather to accentuate the distinctiveness of their work in the four large galleries where the show is hung.

The *Experience* of the title is that of the artist in making the painting – in his particular address to material and process, imagination and idea. The exegeses, given in caption and catalogue, are the artists' own, made for the show in recorded conversation with the critic, Mel Gooding – save for the two artists who are dead, Kenneth Martin and Francis Davison, whose cases are made from statements and interviews. It is as though the visitor is invited into the studio to stand listening at the artist's shoulder as he works away.

It is an satisfying and engaging formula by which to present eight displays of characteristic recent or late work. Its clear intention is the demystification of a business which to the outsider so often seems abstruse, inaccessible and affected. What comes across is the integrity of the artists in their seriousness and commitment to what they do, and their love of it and sense of privilege in their luck to be thus engaged. If, by extension, the visitor is encouraged to return into the "presence" of such painting, and to experience it similarly bnt on his own account, the exercise could not be more worthwhile.

For all their differences, the artists speak with remarkable consistency and simplicity.

Gillian Ayres does "not think one has to apologise, or explain anything to anyone . . . The colour I use doesn't come from nature in any direct sort of way. It comes from pots of paint."

"It is in the nature of my painting," says James Hugonin, "that you can never look at them and see the same thing twice . . . (they) require time." Edwina Leapman says her paintings "are not about anything seen: they are only about themselves, and they exist in order to be seen." For Bridget Riley, "Everything about the painting is there to be seen on the actual surface opposite the spectator."

Kenneth Martin must have the last word: "There are three realities to be considered. The reality outside the artist, the reality inside him and the reality of the work he is making . . . A mark is made . . . It is necessary to be forever beginning at the beginning."

Peter Pan

THEATRE ROYAL, GLASGOW

It might have seemed a bright idea to make a ballet of *Peter Pan*, for here was that surest of box-office attractions, a well-known title, and since regional touring depends so much upon the public's recognition of a brand name, Barrie's play would be an astute choice. (That a production called *Dynasty* or *Coronation Street* would do as well is simply part of a "never mind the quality, feel the title" syndrome common now with ballet.) So Scottish Ballet commissioned choreography from Graham Lustig of Sadler's Wells Royal Ballet, design from Margaret Woznica, and a new score from Edward McGuire, and thereby invented *Peter Pan The Ballet*. The result is, for me, a piece misconceived, mismanaged, and so feeble in realisation as to deserve an award for ineptitude.

The initial problem is that the dance is chained to Barrie's dramatic scheme and never escapes the shackles of the original. Childhood whimsy may work in the theatre for this singular example of dramatic quaintness; as a pretext for dancing throughout an evening, it offers no excuse for movement unclogged by childish fantasy, for escape from nursery emotion. The result is an acreage of choreographic recitative that stretches almost unrelieved by lively invention over three acts, and rarely free to he itself rather than a laboured imitation of Barrie's words.

The lack of musical fodder for choreography is the fault of a score that is more a soundtrack than an inspiration for dance. The most positive compositional elements seemed, at Friday's first performance, the jazzy writing that identifies Tinkerbell – here made to be a balletic fairy of loathsome vivacity – and the Scottish strains that remind us of Barrie's nationality.

The production's other serious failing lies in the indecisive shaping of the narrative. Scenes and events spread amorphously over the stage without either emotional or dynamic focus. In making what is s kind of pageant of Barrie's play, Mr Lustig has fallen into the trap of knowing the words too well and hearing them as accompaniment and justification for inert choreographic matter.

Miss Woznica's designs are serviceable but oddly unmagical for a play about magic. Scene-changes occur without catching at the imagination, and in a plodding production there is no visual "lift" to incident: apart from the skilful flying when Peter and the children take to the air, the staging fails in what should be its most immediate appeal to an audience.

With the exception of Vincent Hantam as Peter, no character makes any strong impression upon the action: even Captain Hook looks a cypher, though the Crocodile (*sans* obvious tick) made the audience giggle. Mr Hantam brings something both wild and fearless to Peter, and flashes of angry pathos, that mark his as a fine portrait.

I suppose that *Peter Pan The Ballet* will sell many tickets for the company; and Strathclyde Regional Council, who sponsored it, may feel their funds well placed. But I doubt policies that believe a children's play is fit meat for dance audiences, except as a Christmas treat for the bairns.

I wonder at a staging so uncertain in its components, when compared with the brave things given by Scottish Ballet under Peter Darrell. Whatever concessions Darrell made to winning a wide audience, his creations were ready to challenge dancers and public alike. The fact that dnring this month two leading companies, Scottish Ballet and Sadler's Wells Royal Ballet, have put on full-length works that are laboured versions of well-known plays – *Hobson's Choice* now a danced musical comedy; *Peter Pan* a danced pantomime – is worrying.

Ballet is about dancing as a noble, expressive and illuminating activity; it is not an art of adaptation and accommodation to the most undemanding popular taste.

Clement Crisp

Simonov's Mahler

FESTIVAL HALL

Charles Dutoit, scheduled to condnct the Royal Philharmonic Orchestra's current mini-cycle of three Mahler concerts, has been taken ill, and for the second and last of them Yury Simonov has been brought in as late replacement. Simonov, until 1985 chief of the Bolshoy Opera and perhaps the leading Russian conductor of the day, is a "known quantity" in London as conductor of the London Symphony and interpreter of works by Chaikovsky, Rakhmaninov, and Berlioz; his debut with the RPO in Sunday's Mahler Third Symphony was therefore of more than usual interest.

Simonov's command of this vast and wonderful work – the grandest demonstration of Mahler's belief that the symphony should be a "whole world" – was secure, authoritative, full of lively and original tonches. The RPO's response to it was not quite settled: particularly in the earlier movements there were suggestions (in moments of diffuse ensemble) that more rehearsal might have been welcome to all involved. But there was nothing routine about the playing: from the first, the phrasing was broad and colourful, the tone-production bright and forward, not cosy or *gemütlich*. One was constantly surprised by details sharply attacked that are often smoothed over (and one was occasionally surprised by a slowing- or speeding-up where the score marking called for the opposite).

This un-misty approach worked especially well in the "Flowers" and "Beasts of the forest" movement (the posthorn solo beautifully floated in from offstage) and excellently in the "Angels," less well in the Nietzche setting (and the soloist, Bernadette Greevy, tended to melt down vowels and consonants into appealingly warm-toned vocalise). But the long finale, kept forward-flowing and limpidly played, seemed to settle all donbts and reconcile all the different aspects of the performance, in a final climax reached with rare certainty of pace and purpose. To everything he does Simonov seems to bring a special distinction: let's hope this RPO connexion will not be allowed to drop in the future.

Max Loppert

Jango Edwards

HACKNEY EMPIRE

Last week "Holsten Funny Business" launched into tbe serious business of making London laugh. For the next fortnight a variety of clowns, stand-up comics, jugglers, musicians and cabaret artists – mainstream, alternative, satirical and fantasist – are out to tickle the collective funnybone or whatever part that conventional humour fails to reach.

Venues range from pubs, clubs and restaurants (Le Renoir in Charing Cross Road) to new auditoria (the Lilian Baylis) and traditional theatres. Artists include *éminences grises* such as Frankie Howerd (I can hear his outrage) and Barbara Windsor.

Among the many young Turks familiar to a wider public through radio and television are Arthur Smith, Jenny Lecoat, Josie Lawrence, Rebecca Stevens, Arnold Brown, John Sparkes and *Spitting Image*'s voice of Mrs Thatcher, Steve Nallon. Holsten Pils' sponsorship of this transatlantic cognate of Montreal's "Just for Laughs" festival is supported by Time Out magazine, and plans are already afoot for 1990.

The charming Hackney Empire, hosting the sort of acts Matcham might have built it for, numbers visitors from abroad among its guests. Next Saturday Licedei, the Leningrad Clown Theatre; last week Jango Edwards. Mr Edwards is an American comic based in Paris. He has acquired French courtesy (the show started an unexplained 20 minutes late) and, in spite of mocking sendups of Marcel Marcean, French pretentiousness.

He shambles on in a full-length raincoat with leopard-skin patch pockets and an umbrella topped by an upturned and disgorging Perrier bottle. After some overfamiliar comedy of mugging and misfortune with the bottom of a crisp-packet giving way, the curtain rises on the backing group, four rather good rock musicians called The Little Big Nose Band. The comedian flings off the mac and launches into a pounding number with the lurex-jacketed dementia of a Lord Sutch.

Further costume-changes include a check suit for a drunk longing to relieve himself (miming and sound effects), green and white plaid evening tails with red piping for his magician *persona* "The Great Retardo," and a leopard-skin jock-strap. Zany gibberish and patter recall Jerry Lewis crossed with Chico Marx – which is underlined by the acrobatically frenetic physical movement of the act.

In spite of the odd eldritch cackle from those spectators who share the general assumption that near-inebriation is a prerequisite of theatre-going, the good-natured incomprehension seemed widespread. Nothing being so subjective as humour, this might be up your street. I found it as appallingly interminable as a wet Saturday night in Hackney. Bnt then that's what it was.

Martin Hoyle

Bach Choir

FESTIVAL HALL

The part of the Angel in Elgar's *The Dream of Gerontius* has formed such a central role in Janet Baker's career that it is easy to overlook how infrequent she sings it these days in London. The Bach Choir's concert on Saturday was one of those rare appearances and in what were otherwise fairly gloomy surroundings her Angel shone out all the more radiantly.

What quiet dedication, what concentration still informs every word that she sings. How well, too, she turns her relatively modest vocal means to advantage. As always, there were phrases which seized one's attention anew – the pensiveness of "for one moment," the sinister underlining of "all *tormented* souls" – but no less impressive is the rapt, other-worldly quality that sets Dame Janet's Angel apart.

At this performance the gulf was especially noticeable, as she alone showed any desire to raise Elgar's dialectic on to a higher plane. Gwynne Howell made nothing of the two bass roles; while Robert Tear sees Gerontius in earth-bound, uncomplicated terms and comes to life only when the music is at its most outgoing, though he did spin some finely-shaped phrases in the opening solo of Part Two.

Not that many in the audience can have noticed, as they coughed right through it. But perhaps that was the fault of David Willcocks for having led so bland a performance up to that point. The music was despatched throughout with an all-pervasive surface tidiness that gave no sign of wanting to find anything at all deeply-felt in this most personal of Elgar's scores. Barhirolli, Boult, Britten – all were sorely missed.

The ineffectual feeling of the whole was aggravated by having a chamber-sized ensemble (the English Chamber Orchestra on fine form) in what is a full-sized romantic score. Balance was everywhere awry.

Richard Fairman

Beatrice and Benedict

ROYAL ACADEMY OF MUSIC

The Royal Academy of Music has stolen a march on its professional rivals in the race to mount musical events on the theme of the French revolution. Their production of Berlioz's *Beatrice and Benedict*, which had its first night last Thursday, has pre-empted at least two other London stagings that are expected before the end of the year.

It is not the sort of opera that music colleges usually do well – or, indeed, do at all. The average student is generally happiest when left to sing, whereas Berlioz asks that his cast should act as well. The RAM fought shy of giving its students the spoken dialogue in the original language (they gave us a bilingual production, French for the sung parts, English for the spoken) but for the rest its ambitions were more than justified.

This was a thoroughly delightful evening, whose occasional touches of naivety only added to its charm. In a simple unit set, designed by Richard Aylwin and beautifully lit by Simon Corder, the director Ceri Sherlock set the action in conventional terms. Apart from a variety of accents that came and went with amusing rapidity in the dialogue, he also drew from his young cast performances of uncommon naturalness on stage.

If there was any disappointment at all, it was that the Academy did not have any one outstanding voice to field. Nevertheless, the lovely duet and trio for the ladies, with Dawn Williamson a light and pearly Hero, Joanne Rondel an incisive Beatrice and a warm mezzo Ursula from Amanda Von Lob, were quite magical. Julian Jensen made a charming Benedict and there were confident supporting appearances from Neal Davies and Roger Langford.

For the most part stage and pit were well together, which is no mean feat in this score. The opening measures of the overture must be a devil to get right and they sounded pretty devilish here, with ensemble that put fiery enthusiasm before precision, but the zest of Gareth Morrell's conducting brought some lively playing from the student orchestra. Altogether it is easy to imagine a professional prodnction doing Berlioz less justice than this.

Richard Fairman

ARTS GUIDE

February 24-March 2

OPERA AND BALLET

London

Royal Opera, Covent Garden. London productioo of Luciano Berio's *Un re in ascolto* brilliantly staged by Graham Vick. Stephen Harrap takes over as conductor, and the superb cast includes Donald McIntyre, Robert Tear, Kathryn Harries, and Elizabeth Laurence.

English National Opera, Coliseum. the first-ever Coliseum *Falstaff* is by the "home-team" of Mark Elder (conductor) and David Pountney (producer). Benjamin Luxon takes Verdi's title role, and the cast also includes Malcolm Donnelly, Janice Cairns and Anne Collins. Further performances of Bizet's *Pearl Fishers*. Aribert Reimann's Shakespeare adaptation, *Lear*, with Monte Jaffe in the title role at the head of an impressive cast.

Royal Opera House, Sadler's Wells Royal Ballet presents David Bintley's new *Hobson's Choice*.

Sadler's Wells Theatre, The adventurous Ballet Gulbenkian from Portugal arrives at Sadler's Wells for a season which began on Feb 14.

Paris

Chatelet. Ballet Antonio Gades dancing Fuego to Manuelde Falla's music, (40282800).

Théâtre des Champs Elysées. *La Sonnambula*, a new production in co-operation between the Théâtre des Champs Elysées, Welsh National Opera, Graod Théâtre de Nancy and Théâtre de Lausanne. (47203637).

Opéra Comique. Rameau's *Platée*, a comedy-ballet full of verve and fantasy. Salle Favart (47425750).

Opéra. *Die Meistersinger von Nürnberg* alternates with the *Spectacle de Ballets* choreographed by Balanchine, Massine and Twyla Tharp to music by Hindemith, Tchaikovsky, Haydn and Bach, respectively (47425371, information in three languages 47425750).

Brussels

Théâtre Royal de la Monnaie. Parsifal by Richard Wagner with Jose Van Dam/Tom Krause as Amfortas. Orchestra and Chorus of the Monnaie conducted by Sylvain Cambreling, production by Peter Mussbach (Wed).

Nouveau Théâtre de Belgique. Il Matrimonio Segreto by Cimarosa performed by the Andante Theatre (Thurs) (513 4587)

Cirque Royale. New York Harlem Opera Ensemble in *Sophisticated Ladies* (Thurs) (218 2015).

Vienna

Staatsoper. In repertory: *Otello* conducted by Adam Fischer, with Katia Ricciarelli, Margareta Hintermeier, Peter Koves. *Die verkaufte Braut* conducted by Jiri Kout. *Der Freischütz* conducted by Hans Wallat, with Gunnel Bohman, Eva Lind, Hans Helm. *Il Barbiere di Siviglia* conducted by Ion Marin, with Douglas Ahlstedt, Carolos Chausson, Goran Simic. *Manon Lescaut* conducted by Silvio Varviso, with Mara Zampieri, Gabriele Sima, Kurt Rydl, Richard Burke.(51444, ext. 2660).

Volksoper. In repertory: *Kiss me Kate*, conducted by Herbert Mogg; *Ein Walzertraum*, directed by Rudolf Bibl; *Die Fledermaus* conducted by Franz Bauer-Theussl; *Der Fremdenfuhrer* conducted by Rudolf Bibl. *Don Giovanni*, conducted by Konrad Leitner; *Tiefland* conducted by Konrad Leitner; *Cosi Fan Tutte* conducted by Herbert Leitner; *Hoffmanns Erzählungen* conducted by Franz Bauer-Theussl; *Der Zigeunerbaron* conducted by Rudolf Bibl.(Tel: 51444. ext. 2662.)

Berlin

Opera. *Der Liebestrank* is revived with a star cast led by Lucia Aliberti, Richard Leech, Ingvar Wixell and Rolando Panerai. *Turandot* in Götz Friedrich's production with Clamma Dale making her debut as Liu, Linda Kelm in the title role. Heinrich Hollreiser conducts *Das Rheingold*; also *Fidelio*.

Hamburg

Opera. Staatsoper: *Die Hochzeit des Figaro*, cooducted by Bernhard Klee with a cast including J.Patrick Raftery and Dagmar Schellenberger as Susanna. *Der Rosenkavalier* brings together Anna Tomowa-Sintow and Hildegard Hartwig. *La Bohème* stars Luciano Pavarotti, Daniela Mazzucato and Mario Sereni.

Cologne

Opera. Complete Mozart cycle of seven operas all produced by Jean-Pierre Ponnelle, in honour of his death last year. There will also be an exhibition in the opera foyer with all the work he did for the Cologne Opera. First performance this week will be *Idomeneo* with Josef Protschka in the title role. *Lohengrin* has fine interpretations by Nadine Secunde and Eva Randova. *Die Fledermaus* is conducted by Georg Fischer.

Frankfurt

Opera. *Titus*, Cesare Lievi's production and Daniele Lievi's sets support fine singing by Keith Lewis in the title role. *Otello* has William Cochran outstanding in the title role. Also in repertory: *Der Wildschütz* and William Forsythe's ballet *Isabelle's Dance*.

Opera. *Tannhäuser* has a new cast led by Sabine Hass, Richard Versalle, Alfred Muff, John Broecheler and Christer Bladin, conducted by Dennis Russel Davies. *Die Fledermaus* – a modern Bernard Broka production, featuring Ludwig Baumann, Barbara Daniels, Christer Bladin and Georg Tichy.

Stuttgart

Opera. *Otello* brings Gabriela Benackova-Cap, Amedeoz Amborn and Carmen Mammoser together. *Die Entführung aus dem Serail* has Tomoko Nakamura, Janice Hall, Yasuko Kozaki and Ruediger Wohlers. *Onegin*, choreographed by John Cranko, and *Dornröschen* by Marcia Haydee round off the week.

Amsterdam

Muziektheater. The Netherlands Opera production of Berlioz' *La Damnation de Faust* is directed by Harry Kupfer. Hartmut Haenchen conducts the Rotterdam Philharmonic, with Barry McCauley as Faust (Tue). (255 455).

Dutch National Ballet presents the world premiere of a new ballet by Maguy Marin, *Corps* (Van Manen/Berg), and *No-Man's-Land* (Van Dantzig/Smit) (Wed, Thur) (255 455).

Rome

Teatro del l'Opera. Premiere of new opera by Lorenzo Ferrero, *Charlotte Corday* conducted by Roberto Abbado, with Elena Mauti Nunziata (Tues.) (46.17.55).

Turin

Teatro Regio. New production of Alban Berg's *Wozzeck*, designed by Giantito Burchiello. The cast includes Lia Frey Rabins andHorst Hiestermann, conducted hy Christian Thielemann. (Tues.) (548.OOO).

Teatro Margherita. Acclaimed production of Francesco Cilea's *Adriana Lecouvreur*, with cast including Raina Kabaivanska. (Tues.) (589.329).

Palermo

Teatro Massimo. Prokofiev's *Romeo and Juliet*, with a cast including Carla Fracci, Wolfgang Stollwitzer (alternating with Paul Chalmer) and Denys Ganio, conducted by Luciano Rosada. The production is by Fracci's husband, Beppe Menegatti, and the choreography by Roberto Fascilla. (Sat, Sun and Thurs). (584.394).

New York

Metropolitan Opera House, Lincoln Center. Eva Marton has the title role in the premiere of *Salome*, directed by Nikolaus Lehnhoff and conducted by Marek Janowski, with Helga Dernesch as Herodias and Neil Rosenshein as Narraboth. David Stivender conducts *Idomeneo*. The week also features *La Bohème* and *Werther*. (362 6000).

Ballet. Merce Cunningham Dance Company City Centre. Three New York premieres are among the Cunningham-choreographed pieces being performed by this classic modern dance company, until March 12.

Washington

Opera. Kennedy Center Opera House. Mstislav Rostropovich conducts and Galina Vishnevskaya directs Tchaikovsky's *Pique Dame* with Bolshoi opera star Vladimir Popov in the role of Herman. Cal Stewart Kellogg conducts Verdi's *La Forza del Destino*. (254 3770)

Tokyo

Ballet. *La Sylphide*, performed by the Tchaikovsky Memorial Tokyo Ballet company, with Monique Loudieres and Manuel Legris from the Paris Opéra Ballet. Tokyo Bunka Kaikan (Thurs) (725 8000).

SALEROOM

Americans buy pottery

The big buyers for early English pottery and porcelain tend to be a handful of American collectors, who like its rough simplicity. Their enthusiasm seems to be boundless, judging by the prices paid at Christie's auction yesterday of the collection of Mr and Mrs Ronald Billington, assembled in the last decade or so to decorate their former home, the Manor House, Ashby St Ledgers, Northants.

The sale totalled £310,777, with 22 per cent unsold, the main failures being among the Toby Jugs. There were some exceptional prices, not least the £26,400, well over double the top estimate, paid for a Bristol Delft-blue charger, showing a prancing deer, produced around 1710.

Jonathan Horne, the London dealer, bought a London Delft blue and white barber's bowl, bearing the date 1716, for £24,200, three times its top estimate while the other major dealer in this field who services American clients, Alistair Sampson, acquired a Southwark Delft polychrome dish, depicting a nymph and four Bacchi putti, produced, rather surprisingly, during the Puritan supremacy, around 1650, for £19,800: in 1977 it sold at Christie's for just £660.

Horne paid the same sum for a London Delft blue dash charger of around 1690 with an illustration derived from a print depicting King Charles I entering Edinburgh in 1641: in 1981 it made £1,870 at Sotheby's. A London Delft charger of around 1685, showing King Charles II in his Coronation robes, sold for £16,500, as against £3,300 ten years ago.

Antony Thorncroft

Chichester Festival Theatre season

The 28th season of the Chichester Festival Theatre, directed by John Gale and sponsored by Nissan UK, will open on May 3 with *Victory*, adapted by Patrick Garland from Thomas Hardy's *The Dynasts*.

There follows on May 17 a revival of the adaptation by Ruth and Augustus Goetz of *The Heiress* by Henry James. The cast is led by Alec McCowen and Nichola McAuliffe, and is directed by Vivian Matalon.

Robin Phillips, the director designate of the festival, will direct *London Assurance* by Dion Boucicault on July 12, the cast led by Paul Eddington and Angela Thorne.

The season closes with a revival on August 2 of Stephen Sondheim's *A Little Night Music* which is directed by Ian Judge.

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Tuesday February 28 1989

The perils of perestroika

WHAT ARE the chances that Mr Gorbachev will pull off perestroika in the Soviet economy? This may be the most important single question to face the world over the balance of this century. If he succeeds, the Soviet Union will become a market-oriented socialist economy, fully integrated into the world economy. If he fails, the prognosis is continued relative economic decline and, quite possibly, mounting economic and political instability.

According to one of Mr Gorbachev's advisers, Academician Abel Aganbegyan, the rate of growth of the Soviet economy had been falling steadily throughout the Brezhnev era to a nadir of close to zero during the early 1980s. That performance marked the terminus of the old path of Soviet development, in which growth depended on the exploitation of ever-greater amounts of capital and natural resources. What is needed, instead, is improvements in the efficiency of resource use – precisely what the Soviet system of quantitative planning cannot secure.

Two international comparisons indicate the scale of the challenge. The Soviet economy has already been equalled by that of Japan in size. Again, in 1987 recorded exports of manufactures from the Soviet Union, at \$30bn, were less even than the \$44bn achieved by the Republic of Korea or the \$48bn of Taiwan.

Market socialism

It is against this background that Mr Gorbachev plans to introduce some form of market socialism. But successful market socialism has never existed, which is hardly surprising. A market is not even feasible, let alone efficient, without clearly defined property rights, the key requirements being exclusivity and transferability. But such property rights are, of course, the essential characteristics of capitalism.

In the envisaged socialist market economy, enterprises are expected to act as if they have property rights, even though they own nothing, while the state is expected to act as if it has no property rights, even though it owns everything. In other words, a socialist market economy would be an elaborate charade, but one with the real consequences of private wealth, bankruptcy and unemployment.

Even if the socialist market economy were a feasible objective, the transition would still represent a daunting task. The Soviet economy starts without the laws, the values or the patterns of behaviour suitable to a market economy (except, ironically, in the black economy); it is burdened with a huge army of interfering bureaucrats; and prices start off by bearing no relation to opportunity costs.

All of this would make reform difficult enough, but there is the additional difficulty of the monetary overhang. A budget deficit, now admitted by such experts as Academician Leonid Abalkin to be 11 per cent of gross national product, has been financed by the printing press on a Latin American scale. The result is growing inflationary pressures that reveal themselves in ever-longer queues and in unofficially estimated inflation in the range of 5-8 per cent. Under socialism money is not merely inconvertible externally, it is inconvertible internally, too.

Monetary overhang

The monetary overhang makes price liberalisation impossible, bar acceptance of hyper-inflation. Price control was reimposed early this year for that very reason and, for the same reason, restrictions have been imposed on the co-operatives, many of which exist to exploit the potential for profits created by existing scarcities.

If the reform process is to succeed, three things have to be achieved, all of them rather swiftly: sterilisation of the liquidity overhang, either through monetary reform or by offering attractive long term financial assets; a comprehensive price liberalisation, combined with a move to profit incentives throughout the economy; and elimination of of the fiscal deficit.

So far as international economic relations are concerned, the lessons from the experience of developing countries is that trade should be liberalised before capital flows. At the same time, borrowing from abroad, though an obvious way of relieving bottlenecks in the economy, must be tightly controlled by the centre, at least until the bankruptcy constraint on enterprises is clearly established.

To list all these requirements is to demonstrate their implausibility. A Communist Party, whose claim on power is its special understanding of the forces of history, is openly confessing that it has flunked its specialist subject. The apparatchiks, whose *raison d'être* is interference in all aspects of economic and social life, are being asked to abandon that role voluntarily. A people that has been taught for more than two generations that markets are wasteful and profits exploitative is expected to change its beliefs, while continuing to trust the teacher.

In short, the party is making an open confession of ideological, economic and financial bankruptcy, while carrying though an extremely complex revolution from above. The West is right to wish Mr Gorbachev every success in this task. It would be naive to assume he will succeed.

Privatisation in Ulster

THE CONCERN of British governments over the future of the Belfast-based Short Brothers, the world's oldest aircraft manufacturer, has a long history. In 1942 Sir Stafford Cripps, the minister for aircraft production, was so concerned about the company's inefficiency that he decided to take it into the public sector. Over the ensuing years the company has had to be recapitalised on several occasions. Yesterday, the Government announced what it hopes will be Shorts' last capital reconstruction before it is let loose in the private sector.

The sums involved are very substantial. Last week's select committee report estimated the total cost to public funds at between £700m and £850m – which would be roughly twice the total cost of privatising British Aerospace and Rolls-Royce, two much bigger companies. However, the expense of the exercise is not an argument against the policy of returning Shorts to the private sector.

Natural candidate

There is no good reason why Northern Ireland should have been left largely untouched by the present Government's economic policies. Public spending still accounts for 70 per cent of the province's GDP, compared with 40 per cent in the UK as a whole.

Companies like Shorts and Harland and Wolff, the shipbuilders, have been kept alive with public money in order to preserve local employment. While it is debatable whether Harland and Wolff can survive in the private sector, Shorts has long been a natural candidate for privatisation and has suffered as a result of the delay. Poor financial controls, low productivity and a bureaucratic management style have hampered its performance.

International name

Admittedly, Shorts plays a very special role in the local economy. It is the largest employer. It is also one of the very few companies with an international name which enables it to attract local engineering graduates who might otherwise migrate elsewhere. It is one of a handful of European companies that can both design and build new aircraft. Yet the importance of its special position can be overestimated and certainly should be not be used as an excuse for insulating the company from commercial realities; its financial performance under state ownership has been poor.

Initially, Shorts' management wanted to have a capital reconstruction, combined with an injection of new capital, and to delay the privatisation for a couple of years so that the company could prove itself. The Government was probably wrong to have decided against this. It now seems in danger of making the additional mistake of promising to privatise the company as a single unit in order to mollify the management. There is no obvious reason why the various parts of the business should be sold as one concern; if the debate was taking place on the mainland it would probably not be an issue. Indeed, the separate parts of Shorts' business – and the Northern Irish economy – would probably benefit from separate ownership.

As a parliamentary committee investigates salmonella in eggs, **Bridget Bloom** looks at food safety

The birds at the centre of the salmonella controversy: disease can spread rapidly among hens reared in close proximity

The great British food debate

The past three months have seen an unprecedented debate on the health and safety of Britain's food which has generated much heat and political fury. As the furore begins to die down, it may be that it will now generate some light, too.

In recent weeks, the Government has made it clear that it will give food safety a higher priority. There is a new ministerial committee, chaired by Mrs Thatcher, the Prime Minister, to co-ordinate policy, whose direction currently rests uneasily between the ministries of agriculture and health.

There is also to be a new expert committee to examine the whole issue. Its chairman, named last week, is to be Sir Mark Richmond, professor of microbiology and vice chancellor of Manchester University, who is widely recognised as an independent figure. Members are to include consumer, farming and food industry representatives and the committee has been asked to report in time for the conclusion of the current, so far rather desultory, review of the country's food laws. This now seems certain to result in new food legislation in the 1989-90 parliamentary session.

What needs to be done to make sure that our food is safe and is kept that way? So far, the public debate has done little to clarify consumers' confusion about the dangers to health from food – although the report of the inquiry by the parliamentary select committee into the egg crisis, which provoked the debate in the first place, is to be published tomorrow and might help.

What the debate has done so far is to throw the problems into much starker relief. Many more people will now be aware that the revolution over the past 30 years, both in the way farmers produce food and the way the £55bn food industry processes and packages it, has changed our food consumption patterns as well as the possible dangers to our health. The problem seems to be that the experts, with only partial and often unreliable statistics of the incidence of food poisoning, disagree on the gravity of the threat.

For those who grew up a generation ago the revolution in both food production and consumption patterns is astonishing. Long gone are the days when farmers fed their own grain to hens and collected eggs from straw-lined boxes, or reared pigs in small sties and cured their own bacon; to say nothing of raising crops without using chemicals. Those were the days when housewives, without refrigerators, shopped frequently, and refused to eat pork if there was no R in the month (for then it was deemed too warm for safety).

Today's intensive farming, the product of technology as well as high support prices, has created potential new health hazards, just as the application of new technologies has changed not only food processing but care of food in homes, hotels or hospitals.

The egg crisis has illustrated some of the potential dangers in the intensive raising of livestock. A dramatic increase in the consumption of chicken and pork – Britons consumed only some 5lbs a head of each 50 years ago compared to nearly 40lbs a year today – stems from intensive pig and poultry rearing, which has lowered prices by some 30 per cent in real terms since the 1960s.

The parliamentary committee's hearings highlighted the way disease can spread in hens reared in close proximity. Known diseases can be cured or held at bay by drugs but may undermine immunities and encourage the spread of new and more virulent strains – such as the salmonella enteriditis phage 4 believed to infect raw eggs. Such a cycle of disease, curative drugs and weakened immunity is well known to intensive pig producers, too.

Another area highlighted by the egg affair is animal feeds. Where, as in pig production, feed costs account for 70 per cent of production costs, the temptation at times of high cereal prices is to cut corners and use feed of doubtful origin, which may contain other animal remains.

The select committee did not cover other potential dangers from the farming revolution, though chemical pesticides and fertilisers have long been feared by consumers as pollutants of food and water courses. Less well-known perhaps are some practices involved in farm storage, such as fumigation of wheat against weevils (which can happen several times as grain is traded), the spraying of potatoes to prevent sprouting, or the waxing of fruit skins which a recent report from the agriculture ministry suggested could move harmfully into the fruit's flesh.

But however many potential hazards the farming revolution has produced, the revolution in food processing and consumption has created a lengthening chain between farm-gate and plate which is full of potential pitfalls. The consumer who buys totally unprocessed or unpackaged food these days is a rarity. Reliable statistics are rare, but "convenience" foods – from frozen or tinned vegetables to pre-packaged breakfast cereals and pre-cooked meals - are thought to account for at least 80 per cent of the £30bn annually spent on food.

There are many points in this new food chain where infection could occur, from the slaughtering of animals to chilling, processing, cooking, packaging, storing and distribution of the finished product. Much of the food chain is heavily dependent on refrigeration at critical temperatures and is vulnerable to error. Problems can also arise in new processing or packaging techniques such as gas vacuum packing or irradiation, or new non-food materials and additives. Also vital is hygiene in the shop and kitchen, where the processor's careful precautions can be undermined.

So far, the public debate has done little to clarify consumers' confusion about the dangers to health from food

But if it is clear that there are now potentially many more food hazards, how great are the actual dangers? And how effective is the legislation designed to prevent abuse? While the experts seem to agree that Britain's legislation is out of date, they are not agreed on the gravity of the danger.

Mr John MacGregor, Agriculture Minister, for example, declared recently that Britain's food was among the safest and best in the world. Professor Richard Lacey, who holds the chair in microbiology at Leeds university and has been a leading critic in the egg crisis, takes another view. "Our conventional food – fresh meat and vegetables or canned or frozen food is as safe as ever." However, he believes many convenience foods, like the so-called cooked-chill ready meals which have become popular in recent years, are potentially very open to microbial infection, dependent as they are on low temperatures being maintained in a long line of refrigeration.

In trying to steer a way through these murky waters, two cautionary points must be made. As Professor Ron Walker, a microbiologist and Professor of Food Safety at Surrey University points out, the consumer is in danger of forgetting that the environment is teeming with microbic organisms with which humans do daily and largely successful battle. That said however, both Professor Walker and Dr Verner Wheelock, head of the Food Policy Research Unit at Bradford University, cite US studies which indicate that the dangers from microbe infections are at least a hundred times greater than those from additives or pesticide residues.

Dr Wheelock makes another helpful distinction when he notes that microbic infections of food fall into two categories. There are those whose cause and remedies are known and for which greater vigilance and possibly better targeted legislation is required. Then there are those which are caused by new microbes, or old ones which have found new ecological niches – these are more difficult to trace, understand and remedy.

The first category includes cross contamination – for example between raw and cooked meats; improperly cooked or chilled foods; and unhygienic home cooking and catering which allows, for example, the spread of known strains of salmonella. In the second category come the salmonellas like phage 4 and the so-far rare listeriosis developed from some soft cheese.

In both categories, the problems seem to be more on the margins of the food chain than at its centre, and tighter laws and better enforcement would undoubtedly help. Britain's food legislation, which has been under review since 1983, consolidates law which is 50 years old; it barely addresses many of today's problems.

In the first category, for example, virtually anyone can set up a catering establishment. No license or training is required, advice is rarely sought and inspections, once the new factory, shop or sandwich bar is in place, are infrequent – partly because the environmental health officers employed by local authorities to enforce food law are seriously understaffed and have inadequate powers of enforcement, in that the food act holds the retailer, rather than the processor, responsible for transgressions.

Hygiene regulations for mass catering – whether in institutions such as the health service or in hotel or caterers' kitchens, also need tightening. Many outbreaks of food poisoning occur through lax habits at this stage.

As far as the "clever" new bugs are concerned, most microbiologists seem to accept that the very high standards achieved by the five or six leading multiple retailers make infection from that source unlikely. Marks and Spencer is probably the leader in cooked-chill products. For a dish like chicken tikka, which can be eaten hot or cold, the company specifies not only the type of chicken used but its feed, and will control and monitor every stage thereafter from the way the birds are slaughtered, chilled and cooked, to how the product is stored, transported and displayed.

M and S and the other major retailers are way ahead of government legislation in this field. For example, there is no general guideline on temperatures for storing cooked-chill meals, only one for the health service, and that involves higher temperatures than some retailers think sensible. The big retailers would welcome tighter legislation, which could help to control less careful producers, as well as careless purveyors of such foods in corner shops and elsewhere. But the processors also point out the consumer's duty here: it is no good shopping at lunch time and leaving a ready meal in a central heated room, or eating it after its sell-by date.

Even if most food scientists would not go as far as Professor Lacey and advocate a return to closed chilled cabinets in all stores, the remedies for safer food clearly involve more legislation, better guidelines for new products, clearer labelling (for example, an "eat-by" rather than sell-by date), more staff and resources for enforcement, more money spent on research into new health threats – and more care by the consumer.

But whatever happens to the great food debate from now on, these last three months can only have done good if they make all those involved – from the farmer and the food industry to the government and the consumer – less complacent and more vigilant in the future.

OBSERVER

Bruges looks smarter

■ The Bruges Group formally set up shop in London yesterday, and indeed did so at rather a smart address: 85-87 Jermyn Street along with the shirts and cheese shops. Moreover, the funding has started to come in.

Eddie Addison, chairman of Addison Tool Company, found out the telephone number yesterday morning, called Patrick Robertson, the young organising secretary, had lunch with him and is now putting up the money for a couple of British academics to go round Europe spreading the Bruges message.

The Bruges message, lest anyone forgets, is that Britain is more than happy to remain a member of the European Community, provided that it is not run too directly from Brussels. It takes its name from Margaret Thatcher's speech in Bruges last year.

Among some businessmen and academics it has struck a chord. The money for the Jermyn Street office has come from Duncan Smith, chairman of the investment bankers, Wallace, Smith Trust Co Ltd, with his partners' support.

Robertson is an undergraduate on a year's sabbatical from reading history at Keble College, Oxford. He says that within the next few days he expects to install a secretary and a word-processor, and has high hopes of bringing in two American research assistants. He is a bit vague about costs, figures and identities, but says that they will come from the same American foundation that supplies temporary research assistants to Members of the House of Commons. They will do research into such matters as the Treaty of Rome.

Addison – the man who put up some money so quickly yesterday – says that he was immediately struck by the Thatcher speech. He wants Britain to stay in Europe, but that the trouble with the rest of the Community is that "it doesn't have a Maggie Thatcher, prepared to speak the truth. Kohl is weak, Mitterrand is a fairly decent sort of chap, but with problems, and there isn't anyone else." The main enemy seems to be Jacques Delors, the President of the Brussels Commission.

Addison says that he runs a private company, so he can do what he likes with his money, and may put up some more. There may be others like him. The Bruges Group wants to establish itself on the continent within the next two months.

Budget leak

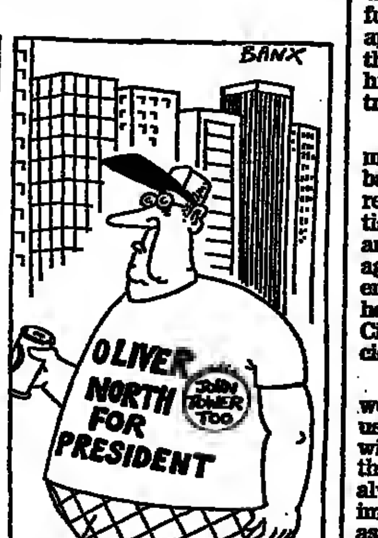
■ Whatever other former leaders of the Liberal Party may be up to, Lord Grimond has shown that he is still a master of timing. He has ensured that the Government will have to tell the House of Lords whether it is still its policy to "abolish inflation" on March 13. Next day is Budget Day.

Soviet star

■ The Foreign Office has a small budget for inviting foreign journalists to Britain. Normally they attract little attention, but this week's guest, Vitaly Korotich, has a personal interview with the Prime Minister this morning, and will be in and out of radio and television studios all week.

Korotich is editor of Ogonyok, described as "by far the most popular weekly magazine in the Soviet Union". Its circulation, he tells us, has just gone up from 1.7m to 3.1m, virtually all in the form of subscriptions.

Ogonyok under Korotich has been in the forefront of the struggle for glasnost, and



Korotich himself just failed last week to secure nomination as a candidate in next month's general election. The nomination meeting, he said, had been packed with bureaucrats and made very difficult for ordinary people, including himself, to get to. "I had to leave my car a kilometre away and walk through the slush." But he claimed to be quite undismayed, arguing that the real struggle will go on outside parliament, in the world of newspapers, demonstrations and public meetings.

Korotich is a Ukrainian poet who writes in his national language, which he says will soon be officially adopted as a "language of government", even though Ukraine is still controlled by the last survivor of the Brezhnev era, Vladimir Shcherbitsky. Some of his poems were published in *samizdat* when he fell into semi-disgrace after 1969.

Early in the Gorbachev period he was summoned to Moscow, taken to a full meeting of the Politburo and appointed editor of Ogonyok, almost without being consulted.

Back to Peru

■ London's diplomatic corps will lose one of its more colourful personalities with the appointment of Carlos Raffo, the Peruvian ambassador, as his country's Minister of Industry.

Coming from one of Peru's most prominent business and banking families, Raffo never regarded himself as a conventional diplomat when he arrived in London three years ago. That probably helped to ensure him a sympathetic hearing in Whitehall and the City for the unpredictable policies of President Alan Garcia.

Raffo's favourite mode of working was the telephone, usually from home or the car, with complete disregard for the hour of the day, which was always pardoned by his immense charm, jokes and astute comments. He is also a gourmet who sometimes does the cooking himself even at formal dinner parties. No amount of good food kept him away from the golf course, where as a scratch golfer he consistently trounced his colleagues.

Having backed the rise to power of the Apra Party and shared the original high hopes in President Garcia, he has agonised over accepting ministerial responsibility at a time when Peru's economic policy is in such disarray. He says that he is not going in as a professional politician, but to lend his authority and name to the government.

His family holds the Volvo concession. It also controlled the Banco de Credito, the country's largest private bank whose nationalisation in 1987 turned the business community against Garcia.

Very simple

■ "Primery ejucation is rotten," says a graffito in a local school. Someone has added: "It's just going through a bad spell."

LETTERS

Sticks and carrots

From Mr D.J. Cherrington.

Sir, News that drought is again threatening grain production in the US will be greeted by certain UK cereal farmers with "I told you so," and arguments that world cereal stocks are falling to an all-time low, so the European Community should be encouraging production.

Some hope. The Commission in Brussels is already set to tighten the screws further on support prices for wheat, barley and other arable crops.

To counteract this stick, Mr John MacGregor, the UK Agriculture Minister, introduced the carrot of "set-aside" for British farmers: £80 per acre for five years for doing nothing (or next to nothing).

Uptake, at 150,000 acres, was about half what the Minister's economic advisers had led him to expect. One reason for the disappointing response is surely that farming tends to be in small units; there are many cereal farmers employing one or two men; sacking or redundancy is no easy decision to take. Another reason could be the level of borrowing. Interest charges of £60 per acre on arable land are common, and if you add in house and buildings maintenance, plus the need for cash to keep up some sort of life style, £80 per acre is not enough. (Over-borrowed farmers are already caught in a spiral of increasing overdrafts and decreasing net worth: set-aside of £80 an acre is too little to save them.)

The main reason, however, is sheer inertia. Farming is an annual business; a couple of months is not long enough for most of us to make up our minds what variety of grain to grow, let alone the decision not to grow it at all.

This year's scheme could get a very different response. I have spoken to a fair number of poor cereal farmers, or farmers on poor cereal land (they are not necessarily the same), disillusioned by the prospect of growing two tonnes per acre, or less, with the certainty that this will make a loss.

Mr MacGregor's team should prepare for applications to set-aside in the region of 1m acres this time round. If this seems too much, could it become a case of first come, first served?

D.J. Cherrington,
Netton Farm, Noss Mayo,
Plymouth.

Confusion over food safety

From Mr John Beishon.

Sir, David Fishlock's interview with Dr Conning (February 20) shows that when it comes to the question of food safety, confusion is not confined to the Government.

Dr Conning says that consumer groups should enter into a better dialogue with the food industry. In fact such dialogue has long been *established* as far as the major consumer organisations (like Consumers' Association) are concerned.

He goes on to state that "consumerist groups assumed the rising incidence of food poisoning due to salmonella arose from consumers' poor hygiene." That might well be what the food industry would like us to believe, but we remain unconvinced, and we have said so throughout the past year. That said, we attach great significance to the importance of hygiene precautions and good practice in the home; we stress this in the March issue of Which? magazine, which carries an important report on food poisoning.

Dr Conning's comment on the irradiation of food is simply wrong; it is difficult to imagine that even he believes it. Consumers' Association, along with all the mainstream consumer bodies, has always made it clear that we are not opposed in principle to the irradiation of food. What we have said is that further research on the subject is required, particularly into establishing a satisfactory method of detecting food which has been treated.

We have further insisted that consumers must be given clear and factual information so that they can make their own, properly informed, choices.

The lack of transparency on the part of both the Government and sections of the UK food industry on these important issues implies a cavalier attitude towards consumer interests which we find unacceptable.

We always welcome dialogue between producer and consumer. But it does not help when spokesmen for the industry, like Dr Conning, either do not know or misrepresent the role of consumers in the vital issue of food safety.

John Beishon,
Consumers' Association,
2 Marylebone Road, NW1

Auctioning air waves

From Ms Phillipa Marks.

Sir, Your report announcing the Department of Trade and Industry's plans to put forward proposals to auction the nation's "air waves" (February 20) suggests that the UK will be the first government to take such a step. Not so.

In July 1988 the New Zealand Government commissioned the UK-based consultancy National Economic Research Associates (NERA), to study options for the management of the radio frequency spectrum. The NERA report recommended that in many sections of the spectrum, 20 year licences should be auctioned to the highest bidder. The New Zealand Government has accepted these proposals; legislation required to allow frequency auctioning is expected to be passed soon.

Economists have long advocated the use of markets rather than bureaucratic means to allocate the use of the "air waves." The often powerful political and financial interests of incumbent users have meant, so far, that no country has instituted markets for radio spectrum.

However, deregulation and privatisation of telecommunications and broadcasting in a number of countries has led to increased pressure for access to radio frequencies. This in turn has led some governments, including those of the United States, Australia and New Zealand, to look again at the possibilities for radio frequency markets.

Phillipa Marks,
National Economic Research Associates,
18 Park Street, W1

Forecast looks warmer

From Dr Karin Wagner.

Sir, Alice Rawsthorn's article on the competitive situation of the clothing industry after 1992 ("Clothing faces challenge to keep out winds of change," February 20) was very enlightening. However, it continues the view that ease of access for East German clothing into Europe has caused concern among British manufacturers, which concern was expressed in an earlier article ("EC warned of import threat from East Germans," January 27). We followed this up in a British-German comparison.

Total imports of clothing from East Germany to West Germany were worth £155m (DM 496m) in 1987. Because many of these imports will remain in West Germany, or be distributed to other European Community countries, Britain may have received only a small portion. If we look at these imports in relation to total clothing imports into Britain of £2.8bn, it must be negligible.

Instead of emphasising such minor points, discussions should range over how and what structural changes must be undertaken by British producers to face the increasing demand for high quality products, in small quantities, at short notice, within the EC. Some steps in this direction have already undertaken by producers in West Germany taking advantage of their much more highly skilled labour force.

Karin Wagner,
Technische Universität Berlin,
Fachbereich 18
Wirtschafts-Wisen-Schaften,
D-1000 Berlin 12.
West Germany

Aerosols made safer

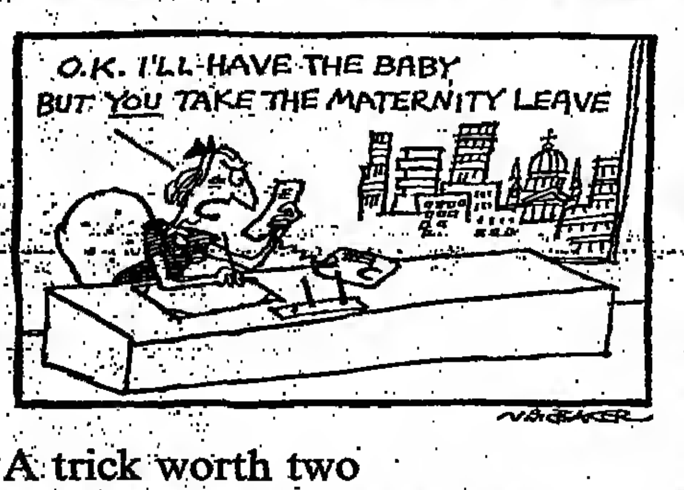
From Mr David Roberts.

Sir, You published a report (January 26) which suggested that all aerosol cans contain chlorofluorocarbons (CFCs) which are believed to cause damage to the stratospheric ozone layer.

I am glad to say that this is *not* the case. For over 20 years many household products have not contained the CFC chemicals which are linked with ozone depletion. By the end of 1989, 90 per cent of all aerosols manufactured in the UK will be CFC-free. The rest are for essential medical and industrial products where there are, as yet, no safe or effective alternatives.

In the meantime the British Aerosol Manufacturers' Association has recommended that its members label their non-CFC products so that consumers can make an informed choice when buying their favourite aerosols.

David Roberts,
British Aerosol Manufacturers' Association,
Kings Buildings,
Smith Square, SW1



A trick worth two

From Ms Sarah Blackburn.

Sir, Charles Leadbeater's articles (February 17) about career breaks for women at ICI, and child care facilities in the Civil Service, show that the impending shortage of skilled female labour has led to some positive reaction.

But there remains a basic misunderstanding among employers.

It is assumed that *women* will take career breaks; *women* will work part-time; *women* will want time off for children's illness; *women* will want crèche facilities provided at work. But only if there is provision for both parents to take time off for family commitments, and child care for either parent at work, will men and women be treated more fairly.

Then, perhaps, we shall see women in senior management. Employers pay lip-service to this, but few give both women a chance to reach for the top and men a chance to enjoy a fuller family environment.

Sarah Blackburn,
10 Glebe Road,
Staines, Middlesex.

To-do at the V&A

From Miss Georgina Stonor.

Sir, It is surprising that such a distinguished author and eminent art historian as Mr Denys Sutton (Weekend FT, February 25) should lambast the V&A's "new director over plans to remedy defects in the management of the collections" without, apparently, having interviewed her to gain in-depth knowledge of her proposals at first hand.

I am sure Mr Sutton is as well intentioned as the rest of us in his concern for the Victoria and Albert Museum's future. But by ignoring the widely acknowledged problems inherited by Mrs Elizabeth Esteve-Col, and by not putting forward alternative positive solutions, I fear he is being less than helpful to a public cause which could otherwise undoubtedly benefit from his wide experience.

Georgina Stonor,
112 West Street,
Henley-on-Thames, Oxfordshire

'We NHS packhorses have this mad idea . . .'

From Mr Ian Gallagher.

Sir, Socialists like myself, who believe that the ideas of Oskar Lange and others in the "*market socialism*" tradition have something to contribute to developing a credible socialist alternative, may well be deluded. I shudder to think, however, that we also risk guilt by association with Mr Kenneth Clarke, the UK Health Secretary's, plans for the National Health Service (February 21).

One of the issues "market socialism" tries to address is the apparent inflexibility of more centralised socialist systems in responding to consumer needs. Consumer demand is envisaged as a means of signalling requirements and as a means of stimulating economic activity – but it remains demand restricted by economic constraints on the consumers' ability to choose.

Fundamental to the NHS is the premise that it is not acceptable that demand for health care should be expressed as an economic indicator. It is expressed by people being ill on the one hand, and *on the other hand* by doctors forming clinical judgments about them.

We do not require a market mechanism in the health service to articulate demand. The main problem we face is how to respond to it.

The central thrust of Mr Clarke's proposals seems to be that the designated consumers in the new NHS internal market are going to be impelled to seek out the cheapest "buys." If this is not the intention, we are left with an expensive (and Byzantine) way of costing the choices made.

It is desirable that health care professionals should be aware of alternative costs in deciding a course of action. It is equally desirable that this criterion should only be employed when everything else is equal.

Leaving aside – though not ignoring – the possibility that increased administrative costs may lead to a general rise in the price of treatments, what the white paper threatens is a system where options are complicated rather than simplified, and where the individual patient will face an increased risk of getting a raw deal because issues of cost secure too high a priority.

Already it has been admitted that there is a possibility of GPs without their own practice budgets losing their freedom to refer patients to the hospitals or specialists of their choice. But GPs with budgets will not be free from worries. What, for instance, if the cheapest treatment is at a hospital with the longest waiting list? Or if the best "deal" is one the GP would not wish to take because *of other considerations*? How long before GPs' actions are scrutinised by auditors, before whom they will have to justify their decisions?

What is to prevent "opted out hospitals" from discontinuing "unprofitable" lines? What happens if one of them becomes "unviable"? Who allocates and funds the major capital programmes which can affect efficiency? What is to stop hospitals responding to high demand with a general rise in prices?

The white paper ought to be criticised not merely because of the inadequacy of answers, but also because of the trend it represents. I do not believe that Mr Clarke will be unduly concerned if his project creates pressure for partial or complete privatisation of health care. On the contrary, I believe that such a move will eventually be presented as a logical extension of the steps now being taken – the ground is being prepared by the removal of local authority representation from health authorities and the incorporation of managers into health authority membership.

Structural changes have dominated popular attention; perhaps too little has been said about the encouragement of greater use of the private sector, which itself opens up the possibility of privatisation through a multitude of contracts, and the acclimatisation of the public to private sector provision.

Meanwhile, we NHS pack horses at the bottom of the pile are fed up to the point of despair with the turbulent sequence of wizard schemes *designed to whip us into shape*. We have this mad idea that achieving an NHS which plans its services in response to the needs of the people, which has the funds to accomplish these plans, and which can reward and motivate its staff through progressive industrial relations, is not so much a question of organisational revolution as of political will.

Ian Gallagher,
Brockhall Hospital,
Old Langho,
Blackburn, Lancashire

Less slack at the Fed

From Mr Charles Simkins.

Sir, Anatole Kaletsky draws attention (February 20) to the apparent discrepancy between the words and deeds of Mr Alan Greenspan, the US Federal Reserve Board chairman, in respect of the tightness of monetary policy.

Although it is widely accepted that in the 1980s the link between money growth and inflation has been more tenuous than in previous decades, it is surely reasonable to acknowledge that the link does exist, even though the lag may be considerably extended.

In this respect it is worth noting that the current rate of growth of money supply in the US, where M2 rose by an estimated 4.3 per cent over the year to the end of January, is apparently the lowest for over 20 years. Perhaps Fed policy is not so loose after all?

Charles Simkins,
Henderson Administration,
3 Finsbury Avenue, EC2

Spitting image

From Mr D. Milner.

Sir, I am a high street bank manager; I read your review of the Jack committee report with interest. My member of staff responsible for cash dispenser servicing duties read it with apprehension with regard to the proposed saliva analysis identification process.

Who – I have been asked – will be required to empty the spittoon?

D. Milner,
Waterside Cottage, Main Street,
Whitgift,
Goole, North Humberside.

FOREIGN AFFAIRS

The proper role for top nation

Edward Mortimer considers the significance of an outbreak of soul-searching among Americans

America thus became top nation, and history came to a .

British readers, at any rate, will recognise the last sentence of Sellar and Yeatman's 1066 And All That. That immortal classic, published in the 1920s, purported to give the reader all the "memorable" facts in English history, meaning those that schoolboys actually remembered as opposed to those they were taught.

The authors had a remarkable ability to distil the received wisdom of their time into one absurdly simple sentence. Of course, history did not, in fact, come to a full stop in 1919, though I suppose that date remained, at least until 1939, a convenient point at which to end the history syllabus. But it is rather interesting that, in the 1920s, America was already seen as "top nation."

By 1945 the proposition was more self-evidently true than Sellar and Yeatman could have imagined when they wrote it. With the rest of the world more or less literally in ruins, the US alone accounted for half the world's measurable economic activity, had a trade surplus and a massive credit balance in its transactions with virtually every other country, and had consequently acquired three quarters of the world's gold reserves.

It was also at that point the world's only nuclear power, while its conventional forces ringed the globe. Britain and the Soviet Union struggled to preserve *formal* parity, but no one doubted the centrality of America's position in the new world order. Historically that was an abnormal, indeed a unique, situation. It was also one that Americans had some difficulty in adjusting to. They became "top nation" somewhat in spite of themselves, and at the height of their power they did not talk about it all that much: they saw themselves as rising to the occasion and proposing, or accepting, common-sense solutions that were obviously in the best interest of all.

American "leadership" was not asserted for its own sake but to fill an obvious vacuum, as the British empire faded and the defeated nations of Europe and Asia seemed too weak to resist the spread of Soviet communism without outside help.

By and large this worked. The Marshall Plan and its equivalent for Japan enabled America's natural competitors and trading partners to revive. The web of alliances, given credibility by the intervention in Korea, ensured that they had time to rebuild in security.

The world gradually reverted to a more normal pattern, with a much wider (though still far from equal) distribution of economic power, and a painful demonstration in Indochina that US military power, though still predominant globally, did have its limits. But that episode also revealed something else: that Americans had got used to being top nation, and rather liked it. That, more than the number of American lives lost, was what made Vietnam so traumatic for them.

Although it is tempting, when writing ephemera like this column, to focus on the most recent events and argue that the current year is likely to prove a historic turning-point, the truth is that historic turning-points only become visible in retrospect. Gorbachev is very important, but we do not yet know how important; and if we accept the premise that, for most of the world, it was clearly America, not the Soviet Union, that was "top nation" after 1945, then it is likely that Vietnam was more important for the world as a whole than anything now happening in the Soviet Union.

Vietnam occurred when Americans were in the process of endowing themselves with a "great society" to which, as top nation, they were obviously entitled. Being top nation, they saw no need to choose between the two. Since they controlled the international currency, they simply printed more of it. The result was worldwide inflation and the collapse of the Bretton Woods monetary system – a key ingredient of postwar recovery.

In spite of that, America lost the war in Vietnam. This raised the question whether it was still top nation, or at least whether Americans could take it for granted that it would go on being. Perhaps history had not come to a full stop after all.

The question sounds a very childish one, and would surely have seemed so to the American "wise men" of the immediate postwar period, who played the part of top nation without needing to think about it. Today, however, it is not too childish to be the subject of a five-part series in the Wall Street Journal, which sets out to refute the proposition that the US is in decline.

The point is not that America has got weaker, but that other and smaller powers have got stronger

The author, Ms Karen Elliott House, undertook "an exhaustive survey: talks with several hundred leaders and laymen in the US, Japan, Europe, China and the Soviet Union, involving 100,000 miles of travel," at the end of which she proved to her own satisfaction that "whether the US relishes the role or not, it is the pre-eminent power in the world today and will remain so for at least the next generation – and probably longer."

This finding was hailed with evident relief in the paper's letters column by a range of highly successful Americans ranging from the chairman of American Express through the vice president of the Heritage Foundation to a leading Democratic Congressman – all of whom one might have credited with greater self-confidence.

It was left to Professor Paul Kennedy, whose book The Rise and Fall of the Great Powers triggered off the argument about American decline, to point out rather maliciously that Ms House had swallowed some "statistical jiggery-pokery" from the Central Intelligence Agency, which uses current exchange rates for comparisons when the dollar is high but switches to "US purchasing power equivalents" when it is low.

Mr Kennedy is of British origin. No doubt both he and I can be suspected of sour grapes. Heirs to an empire that has unquestionably declined and fallen, we secretly long to prove to ourselves that the American imperium is inexorably doomed to the same fate. Perhaps, but that is not precisely my point.

I readily accept that the Soviet Union is not competing with the US economically and Japan is not now competing with it militarily (though whether the US is wise to keep urging Japan to spend more on defence is another question). I accept, too, that observations about the rise and fall of earlier great powers may not hold good in the nuclear age, when the pecking order can no longer be rearranged by war as it was in the past; while, on the other hand, to assume that we are moving into a benign period of international relations in which only economic power will count may well prove facile. But Mr Kennedy's theme was a relative, not absolute, decline of American power.

The point is not that America has got weaker, but that others – not just Japan and West Germany but smaller powers, from Denmark to New Zealand to Iran and Iraq, have got stronger, more self-confident, more inclined to question American propositions and less inclined to knuckle under to American pressure.

The vacuum once filled by American leadership is no longer there. Not that America does not have a vital contribution to make to the solution of almost every world problem. But its energies should surely be devoted to working out those solutions, in dialogue with the other countries concerned, rather than wasted on proving to itself that it is still "top nation." Methinks the lady doth protest too much.

FINANCIAL TIMES
Tuesday February 28 1989

Bush faces uphill struggle to save Tower nomination

By Lionel Barber in Washington

PRESIDENT George Bush, returning from his Asian tour, will launch a last-minute campaign today to salvage his nomination of Mr John Tower as US Defence Secretary.

A senior White House official conceded yesterday that the President faced an uphill battle to persuade the Democrat-controlled US Senate to confirm Mr Tower, who has been the target of persistent allegations of financial and personal impropriety. A vote is scheduled for later this week.

The odds against confirmation heve lengthened during Mr Bush's absence from Washington. Mr Tower's extraordinary pledge on weekend television not to toucb a drop of alcobol if confirmed as Defence Secretary has merely fuelled the widespread concern about his past behaviour.

For Mr Tower to win confirmation, Mr Busb has to ensure that all 45 Republican Senators stay loyal, while convincing at least five Democrats to shift party allegiances. This would ensure a 50-50 tie, with Vice President Daniel Quayle casting the decisive vote in favour of the nominee.

This, however, remains an unlikely scenario. Mr Bush has yet to display Mr Ronald Reagan's talent for jawboning the opposition. And it is not clear if he can persuade conservative Democrats to abandon their fellow Southerner, Senator Sam Nunn of Georgia, who as chairman of the Senate Armed Services committee has done more to torpedo the nomination of Mr Tower than anyone else.

Two southern senators targeted by the White House as "wavering" offered little cause for optimism yesterday. Senator John Breaux of Louisiana said he would vote against Mr Tower if the vote was held immediately.

Senator Howell Heflin of Alabama said he would review the classified FBI report on Mr Tower, but remained sceptical. A spokesman for Senator Lloyd Bentsen, a fellow Texan who introduced Mr Tower at his confirmation hearing, noted that the two men had fought for issues relating to Texas during their time in the Senate, bnt were not social acquaintances.

Moreover, Senator Nunn's nnyielding opposition may have infinenced some Republicans. Senator Nancy Kassebaum of Kansas is uncertain abont Mr Tower's merits; so too is Senator Larry Pressler of South Dakota and Senator Dave Durenberger of Minnesota.

If there are Republican defections, Mr Tower's defeat would mark a humiliating reverse as well as a rebuke for the judgment of the new President.

Senator Nunn raised the stakes yesterday, suggesting that he was also concerned about Mr Tower'e work for US defence contractors after he resigned as a US arms control negotiator in Geneva.

He said the defence companies might have had an interest in obtaining classified information and said Mr Tower's behaviour was "very questionable."

Mr Tower himself says that he is pleased at being allowed to state his case in public, first with the weekend television interviews and then tomorrow in a speech to the National Press Club in Washington which should coincide with the opening of the Senate floor debate.

The remarkable feature of the nomination battle so far is how few Senators have come forward to defend their former colleague who spent 24 years in the Senate, four as chairman of the Armed Services Committee.

Even Senator John Warner of Virginia, the senior Republican on the Armed Services committee, had his doubts about the man who still enjoys a reputation for being a loner with a flashing temper and an iron will to win.

The generation sacrificed to apartheid

Revolt has brutalised young black South Africans, reports Anthony Robinson

THE SPIRAL of violence centred on Mrs Winnie Mandela's personal bodyguards, tbe "Mandela United Football Club", has cast a harsb spotligbt on a lost generation of black South African youth. It is a generation which inherited the injustice and cruelty of "grand apartheid" and has played a leading role in the violent reaction against white domination.

The Soweto revolt of 1976 spawned a generation of angry youths who eitber left the country to become warriors in Umkhonto we Sizwe (Spear of the Nation), the military wing of the banned African National Congress (ANC), or stsyed behind to inspire and lead the "young lions" who songht "liberation" through insurrection, whicb included the burning rubber tyre "necklace" for "collaborators", during the next nationwide revolt which began in 1984.

Thanks to epartheid's migrant labour system, millions of black yonths have grown up without a father or a secure family background. A generation has grown up with only the most basic education thanks to the segregated and inferior "Bantu Education" specifically designed by Dr Hendrik Verwoerd, the high priest of classic "grand apartheid", to prepare black people for servility.

The dogmatic insistence that black people were only temporary sojourners in "white" South Africa ensured that hlack housing was restricted for two decades. This led to overcrowding, a proliferation of insanitary shacks and shanty towns and unbearable pressure on inadequate social and healtb facilities. Low wages and a black unemployment rate of about 25 per cent added to the poverty and frustration in whicb millions of black South Africans heve grown up. The glaring contrast

with the lives of white people living in their own exclusive ghettoes has deepened the sense of grievance.

It is hardly surprising that this generation of black youth, the inheritors of the apartheid legacy, should have been in the vanguard of both the 1976 Soweto revolt and the convulsions which swept across the country in the mid-1980s. The two years of what the Government enphemistically called "unrest" were sparked off when the steepest recession since the Second World War coincided with the introduction of the fatally flawed tri-cameral constitution in September 1984. This exclnded the black majority from parliament and stimulated growth of s new, powerful internal opposition movement, the United Democratic Front (UDF).

The revolt was extinguished by the introduction of a State of Emergency and the detention without trial of 30,000 suspected activists and hlack leaders. Repression wae accompanied by the operations of clandestine hit-squads who assassinated community leaders, blew up trade union and church offices and indulged in other sabotage. One way or another, "order" has heen restored and the police and informer networks returned to townships from which they were violently expelled during the revolt.

The harsh lesson of the past 15 years is that the white-controlled security forces are too strong and too ruthless to be overthrown hy a trial of strength. White people were only minimally affected hy the hlack uprisings, which were largely contained within the black townships and degenerated into a vicious settling of scores among rival black factions as "comrades" sought out municipal councillors, police spies and "impimpi" (informers) for the dreaded "necklace". For months, millions of black people, trying to get on with their lives were subject to the orders of teenage gangs. Pride at the courage of the young frequently degenerated into anger at being ordered around by children.

The tragedy is that many of the youths who spent their formative years boycotting classes, necklacing "sellouts" or creating "alternative structures of peoples power" – such as peoples' courts – became hrutalised, illiterate and unemployable in the process. Mrs Mandela's notorious "football team" was made up of such violent and frustrated youths.

Stompie Moeketsi, the 14-year-old boy allegedly murdered by members of Mrs Mandela's bodyguards, has become the tragic symbol of this lost generation. Three years ago, at the age of 11, he was the leader of a 1,500-strong children'e "army" which virtually took over the Orange Free State township of Tumahole, near Parys, where he was buried on Saturday.

Thousands of other teenagers and yonng men and women, many of them detained without trial for long periods, also bear the psychological scars of incarceration and their own violent experiences of township life. Mrs Mandela's personal attempt to provide shelter and security to some of these victims and perpetrators of violence has gone disastrously wrong both for her and for the ANC, which encouraged the young to "make Sonth Africa ungovernable" during the revolt.

Creating a more hopeful future than the gallows or detention for the lost generation presents a daunting challenge to all those who want to end apartheid but not in a way which risks putting an even more vicious system in its place.

Pretoria's policy has been to combine repression with an unprecedented attempt to alleviate socio-economic grievances by upgrading townships, introdncing black property rights and encouraging black entrepreneurship. This has been accompanied by a huge increase in epending on upgraded black education, a crash black housing programme and a new urgency to the task of creating a stable, black middle class.

Already more black matriculants are coming out of South African schools than white ones. The old slogan "liberation before edncation" has been given a subtle new twist. "Liberation through education" is the new buzzword in the townships as black youths, including many of those who took an active part in the revolt, are clamouring to acquire skills and economic advancement.

Now that "order" has been restored, the Government, under its new leader Mr F. W. de Klerk, appears to be moving ahead again with apartheid reforms with the long-term aim of creating a more harmonious society open to all talents. But, as the events surrounding the Mandela football club show only too clearly, violent currents still run strong under the surface calm.

THE LEX COLUMN

Living in fear of higher rates

It is difficult to know how seriously to take the gloom in London yesterday. The foreign exchange and equity markets have more or less convinced themselves that the Chancellor will put up base rates along with the trade figures on Wednesday, or failing that on Thursday, when the pound will be collapsing against the D-Mark in response to a rise in West German rates. They could be right on either count; but Mr Lawson is not in the business of giving the currency markets what they expect, and it is worth considering what the response would be to a half point rise in rates this week, as e signal to the foreign exchanges but not to the housing market. As for West Germany, e rise to rates is by no means guaranteed; someone, after all, hae to break the vicious spiral of competing increases.

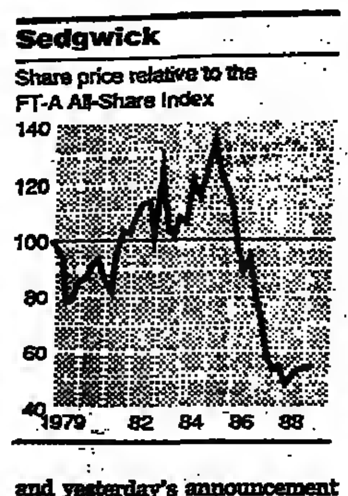
One can sympathise, all the same, with the market's unease. The trade figures apart, what is now happening is primarily an toternational phenomenon, with sterling at the mercy of tightening by others. There were also specific quirks in the equity market yesterday, in particular the introduction of next-day reporting of big trades; though whether that is a force for stability or disorder is not yet clear. But taken all round, the fall in equities could have been worse; the FT-SE still lies within the range of sensible correction, and there is still a marked lack of actual selling. Bnt equities are still taking their cue from sterling, and rightly so; the rate came close to Dm3.16 yesterday – only a couple of pfennigs higher than at the last base rate rise in November.

Short Brothers

The Government's £390m capital injection into Shorts has to be seen as no more than a bargaining counter. It may look a very large number, especially when compared with the far smaller sums spent on privatising much bigger companies like British Aerospace and Rolls Royce, but it is a down payment. If Shorts is to survive in the private sector and fulfill its ambition of building a brand new commuter jet, the £500m FJX project, it needs extra working capital and new investment, and the final sum may not be far short of £1bn. If the Government is to attract serious bidders for Shorts, it needs to put up real money, and yesterday's announcement is very much a first stage.

Privatising Shorts was never going to be an easy task. It is Europe's second smallest aerospace company, and has been starved of investment. Despite the boom in the industry, it is almost certainly not making money at the moment; and to order to earn a decent return, its owners are likely to have to make some hefty cuts in its 7,700 workforce. Throw in the political problems of Northern Ireland, and it would be surprising if there was ever going to be a rush to take this company off the Government's hands.

The Government has to err on the generous side, and the bidders must know that. The easiest solution would be to split the company up, and this is what probahly lies behind the interest of the GEC/Fokker consortium. However, Shorts is desperate to remain an integrated aircraft manufacturer. If its wish is to be met, the size of the Government bribe to would-be bidders, such as Canada's Bombardier, will have to be all the greater.



Sedgwick

It is lucky for Sedgwick that shareholders have in the past showed such willingness to defer their gratification, for patience is a quality which they may require for some time to come. Grounds for optimism over earnings in the near term seem if anything, to be less solid: yesterday's 25 per cent decline in 1988 earnings per share could well be followed by a further 17 per cent dip in the current year, despite the company's best efforts at expense control. And unless the industry as a whole can deliver a recovery in premium rates in 1990 – a prediction which not even the most wishful of thinkers can make with complete confidence – then the waiting could get to be very unpleasant indeed. The management held its nerve on the 1988 dividend despite a paper-thin level of earnings cover, and should manage to do so in the current year as well; bnt unless next year brings relief, there must be a danger that the 1990 dividend would shrink under pressure.

Those may not sound like the kind of prospects which would normally merit a current year rating of over 25 times earnings. But if 1989 is likely to be a year of continuing cyclical downturn in the industry, it is also the year in which Sedgwick's 39 per cent shareholder, Transamerica, could decide to bid for the company (though it could not act until early next year). However, the simple fact that Transamerica will no longer be actively prevented from bidding does notguarantee that it has any intention of owning Europe's biggest insurance broker. And whether anyone else wishes to do the honours must also remain in doubt: a respectehle take-out price for Sedgwick might include as much as £1bn in goodwill, which is a lot to pay for flesh and blood assets which might walk out the door.

B & C

British & Commonwealth's sale of Marshalls is a welcome piece of tidying up, but it also crystallises the cost of last year's failed deal with Quadrex. Taken with the £40m or so yet to be realised for William Street, the £175m for Marshalls seems to leave B&C almost £100m ont of pocket; and although the sum is being pursued through the courts, it would not do to count on it. More important for the group as a whole, the time taken to find a fresh buyer suggests once more that the market's earlier hopes of a buy-out or break-up of B&C were much too sanguine.

It remains hard not to think of B&C as a bull market stock, hit by the crash not only in its image as an acquisition-led conglomerate, but in its earnings as well. Most of its businesses should be dull this year, though some of the property-related bits, such as estate agencies, could be more exciting for the wrong reasons. Much the more interesting prospect, ironically, is Marshalls itself, with its Japanese and British Telecom backing; but of course B&C, as a competing money-hroker, has retained no equity interest.

Pressure on UK base rates as pound falls

Continued from Page 1

The UK Treasury repeated yesterday that it was opposed to a sterling devaluation and said there had been no change in policy. The Government has record reserves of $50bn to defend the pound.

The sharp fall in the pound over the past week has, however, posed difficult problems for the Government. With clear signs that economic ectivity is slowing, it may be reluctant to raise interest rates for fear of pnshing the economy into recession.

The currency's weakness has also given weight to those calling on the Chancellor of the Exchequer to deliver a "tight" Budget on March 14. Analysts said big tax reductions to the consumer would further undermine confidence in the pound.

On tbe Continent, equity prices fell on continued speculation that the Bundesbank, the West German central bank, would tighten monetary policy another notch after its fortnightly council meeting on Thursday.

World Stock Markets, Page 41

Cleaner car disrupts traffic on the road to a single market

By Tim Dickson in Brussels

AN IMPORTANT clash of principles is expected tomorrow when the European Commission decides its next step in the controversial legal battle against Dutch plans to encourage cleaner cars.

The issue, which has thrown the Brussels authorities into confusion, threatens to expose an embarrassing conflict between the European Community's new enthusiasm for environmental protection and the hitherto overriding objective of creating a single market.

Commission officials worry that whichever way they jump, the hard-fought political compromise on pollution levels for emall cars reached hy the Council of Ministers last November could subsequently be undone.

Others privately point out that Mr Jacques Delors, the Commission President, has been put in an awkward spot by the invitation to address next week's mnch publicised international conference on the environment hosted hy the Netherlands.

The dispute came to a head after the Dutch Parliament's unanimous approval this month of new incentives for consumers who purchase cars with US-style catalytic converters.

While the aim of the Fl 1,700 ($829) per car tax reduction is clearly in line with the Commission's policies on pollution, other EC member states such as France, Britain and Italy claim that, by encouraging higher standards than those provisionally approved last November, the Netherlands is guilty of breaching the principle of a single European market.

Somewhat relnctantly, in order to break e deadlock in the negotiations, the Commission publicly undertook to challenge the Dutch incentives in the European Court, setting in train a two-pronged approach by launching a preliminary investigation under EC rules on state aids, and separately informing the Dutch Government that its national legislation was a distortion of free trade.

Since then, legal doubts appear to have crept in and the patter of political cold feet has become audible.

While it is still uncertain what the Commission will decide, it is understood that competition policy officials have recommended that the justification for pursuing the state aids case is flimsy.

As for ths Commission's other line of attack – based on Article 30 of the Rome Treaty, which guarantees free trade – the choice is whether to go through with the decision it has already taken in principle to send a socalled "reasoned opinion" pointing out why the Dutch are at fault.

Political reputations as well as commercial interests are on the line.

'Poaching' row threatens European pact

Continued from Page 1

waters, catcbes are often reported late to the relevant authorities, creating serious practical difficulties in enforcing the quota limits.

The Commission feels that restrictions on fishing boat owners on grounds of nationality cannot be justified under EC law. But there is embarrassment in the fact that other member states enforce similar rules for their merchant fleets.

The British Government, meanwhile, is confident not only that its new rules are equitable but that they are to accordance with EC law. It is pointed out in London, for example, that the European Court has consistently upheld the principle of national fish quotas.

Preliminary legal opinions from the European Court's Advocate-General in two test cases have backed the UK'e stance on related issues and Commission officials are thought to be waiting for final Court rulings – dne after Easter – before coming forward with new proposals

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	12	54	Dubrovnik	C	11	52	Malta	C	15	59	Rhodes	S	18	64
Algiers	F	16	61	Edinburgh	F	5	41	Manchester	C	7	45	Rio de J'o	C	35	95
Amsterdam	F	7	45	Faro	C	16	61	Manila	C	24	75	Rome	F	13	55
Athens	S	18	64	Florence	F	12	54	Melbourne	S	31	88	Salzburg	S	7	45
Bahrain	S	18	64	Frankfurt	F	5	41	Mexico City	F	23	73	San Francisco	F	8	46
Bangkok	F	34	93	Funchal	F	19	66	Miami	S	9	48	Seoul	C	11	52
Barcelona	S	13	55	Geneva	Sn	3	37	Milan	S	11	52	Singapore	F	31	88
Beirut		–	–	Gibraltar	C	15	59	Montreal	F	-14	7	Stockholm	R	5	41
Belfast	F	7	45	Glasgow	R	5	41	Moscow	S	7	45	Strasbourg	C	5	41
Belgrade	F	11	52	Guernsey	F	9	48	Munich	F	7	45	Sydney	F	25	77
Berlin	C	7	45	Helsinki	C	5	41	Nairobi	S	28	82	Taipei	F	25	77
Biarritz	C	8	46	H. Kong	S	19	66	Naples	T	18	65	Tangier	C	16	61
Bombay	S	32	90	Innsbruck	F	5	41	Nassau	F	20	68	Tel Aviv	S	28	82
Bordeaux	C	11	52	Inverness	F	5	41	New Delhi	S	27	81	Tenerife	C	19	66
Brussels	F	5	41	Islamabad	F	21	70	New York	F	2	36	Tokyo	S	11	52
Budapest	F	8	46	Istanbul	R	13	55	Nice	S	13	55	Toronto	F	-7	19
B. Aires	F	27	81	Jakarta	R	29	84	Nicosia	S	19	66	Tunis	F	14	57
Cairo	S	29	84	Jersey	F	9	48	Oporto	R	10	50	Valencia	S	14	57
Cape Town	S	25	77	Jo'burg	S	24	75	Oslo	D	3	37	Venice	F	10	50
Caracas	C	25	77	Lima		–	–	Paris	C	5	41	Vienna	F	9	48
Casablanca	F	17	63	Lisbon	C	15	59	Peking	S	4	39	Warsaw	F	7	45
Chicago		–	–	London	C	9	48	Prague	F	6	43	Washington	S	2	36
Cologne	Sl	3	37	Los Angeles	F	13	55	Reykjavik	C	-2	28	Zurich	Sn	2	36
Copenhagen	F	6	43	Luxembourg	C	2	36								
Corfu	F	16	61	Madrid	C	8	46								
Dallas	C	8	46	Majorca	F	15	59								
Dublin	F	6	43	Malaga	F	15	59								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Yugoslav troops sent to strike mine

Continued from Page 1

In recent years, thousands of Serbs have left the province, largely for economic reasons. However, Mr Milosevic has relentlessly accnsed the Kosovo party leadership of favouring the Albanian population at the expense of isolating, if not discriminating against the Serbs.

His blatant use of Serbian nationalist rhetoric – claiming that in Kosovo, the cradle of Serbian culture, the Serbs are being allegedly harassed – led to demands by Serbs to amend the federal constitution, as well as the Serbian constitution which, as a result, has allowed Belgrade to exercise direct control over the running of the province.

Such constitutional changes have led to demonstrations, the ousting of the Kosovo leadership last November by Mr Milosevic and now strikes.

Unless pro-Milosevic party officials in Kosovo resign, the ethnic Albanians have pledged to continue with the strikes.

"This is Mr Milosevic's doing," one Yugoslav journalist commented yesterday. "If the strikers win, he could rally his Serbian nationalist supporters again to put pressure on the province."

At the moment Mr Milosevic is apparently not in a position to do this largely because he has alienated himself from the federal party leadership through his heavy-handed tactics. Last October, for example, he replaced the entire leadership in the northern province of Vojvodina with his own supporters.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday February 28 1989

INSIDE

Suez general plans winning strategy

The soft-spoken Renaud de la Genière (left) was not bankers' choice in 1986 to become chairman of Compagnie Financière de Suez, the large French financial group. But he has since proved a tough general, successfuly launching his group into an epic battle for control of Société Générale de Belgique. He has also helped Suez absorb and reorganise the group's Belgian investment at speed which has astonished the French financial establishment. Page 21

Morgan Stanley pulls ahead in the capital markets race

Life has not been easy for foreign investment banks set up in Frankfurt after the Bundesbank's liberalisation of capital markets in the mid-1980s. But signs suggest that Morgan Stanley may end up posing the toughest long-term challenge to the power of domestic financial institutions. Haig Simonian reports on the front-runners in the capital markets race. Page 24

A hard act to follow

Between acts of God and Government, Argentine farmers are having a hard time. A severe drought in the heart of agricultural production has forced farmers to cut harvest forecasts. Other areas have endured freak hailstorms and hurricanes. To make matters worse, farmers have been squeezed by economic policies resulting in adverse exchange rates. Page 28

Inflation cloud has a silver lining

Inflation and interest rates dominated European bourses last week, but the news was not all bad. Denmark, Norway and South Africa were actually boosted by inflation developments, with top-performing Denmark jumping by 9 per cent. The sterling investor abroad was cushioned from the negative impact of rising interest rates on share prices, as the pound dropped in value against the D-Mark and the dollar. Page 44

Beazer sells Koppers business

Beazer

Beazer, the UK housebuilding and construction group, has made the last major disposal of businesses in Koppers, the US chemicals and aggregates company, which it bought for \$1.72bn last year. Reichhold Chemicals, a New York state-based chemicals and synthetics group, is buying Koppers' polyester resin business for \$78m in cash. Page 27

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Falls				Falls			
Kaufhof	404	–	11.5	Crouzet	429	–	34
Bayer Vereins	362	–	9	Euromarche	2367	–	169.9
Viag	250.5	–	4.5	Gal. Lafayette	1121	–	72.1
RWE	235	–	4	Pechelbronn	1072	–	66.6
Degussa	429.5	–	7	Maisons Phenix	78.1	–	4.6
Man	241.3	–	3.7	Bancaire	619	–	29.3
NEW YORK (\$)				TOKYO (Yen)			
Rises				Rises			
Nat Semiconduct	8⅞	+	⅛	Tokyo Seir	1290	+	170
Newhall Land	53½	+	2¼	Ebara	1610	+	200
SSMC	33¼	+	1⅞	Mitsui Mining	1190	+	140
Whittaker	47¼	+	2⅞	Falls			
Falls				Hitachi Zosen	835	–	110
Liz Claiborne	17⅛	–	⅞	Toyo Telecom	1140	–	120
US Shoe	19⅞	–	6	York-Benimaru	1820	–	120

New York prices at 12.30.

LONDON (Pence)							
Rises				Falls			
Bass	963	+	5	A.B. Foods	340	–	7
Capital Radio	708	+	23	BAT Inds.	531	–	5
Cook (D.C.)	193	+	5	Bassett Foods	546	–	7
Hambros	248	+	6	Glaxo	1232	–	19
Illingworth M.	158	+	12	Hillsdown Hldgs.	273	–	6
Platignum	10¾	+	2	Magnet	295	–	10
Reckitt Colman	1068	+	4	Racal Elect.	346	–	10
Reuters B	636	+	4	Reed Int.	431	–	4
Scot. & New.	445	+	16	STC	309	–	13½
Splash Prods.	75	+	4	Ultramar	296	–	6
Storehouse	171	+	8				

Baltica buys 9% of Hambros

By Hilary Barnes in Copenhagen and David Lascelles in London

BALTICA HOLDING, parent of Denmark's largest insurance company, announced yesterday that it has acquired 8.98 per cent of Hambros, making it the largest shareholder in the British merchant banking group.

Baltica described the DKr400m (\$56.3m) investment as friendly and said it hoped to increase the holding to 10 per cent. Mr Peter Christoffersen, the Danish company's chief general manager, said it was looking for opportunities to co-operate with Hambros and the other main shareholders in the British bank.

The other shareholders are Banco de Bilbao Bizcaya of Spain (6 per cent), Istituto Bancario San Paolo di Torino of Italy (8.3 per cent) and Guardian Royal Exchange of the UK (8.75 per cent). The shareholders have been assembled by Hambros over the last two years as the basis for European co-operation in the financial services market.

Mr Chips Keswick, joint chief executive of Hambros, said he "welcomed" Baltica as a shareholder. However, the bank has made it clear to Baltica that it will not automatically be able to join the shareholders' club by virtue of holding 10 per cent.

Hambros is believed to have made this clear to Baltica before the Danish company raised its stake to the present level. Hambros is, therefore, believed to be rather mystified by Baltica's enthusiasm to lift its holding.

Mr Christoffersen said that Hambros' reaction had been "extremely positive". But he pointed that if close co-operation between the groups did not materialise, Baltica could always dispose of the investment.

Until 1985, Baltica was only involved in insurance, but since introducing a holding company structure the group has diversified rapidly into other financial services, including investment banking and estate agency.

Baltica Holding's total assets are in excess of DKr35bn (the final 1988 figures are not available), of which about DKr29bn is related to insurance. The rest is employed in other financial services and Falck, a Danish vehicle recovery, fire and ambulance service group, acquired last year.

After raising DKr750m with a share issue recently, Baltica Holding's equity capital is now about Dkr6.1bn.

All three of Denmark's largest insurance companies have adopted the holding company structure to enable them to break out of the straight-jacket of insurance business. Danish insurance companies are not permitted, by law, to engage in other business. The prospect of open EC competition in financial services has been a spur to diversification.

In a major initiative last year, Baltica announced that it was setting up a national estate agency chain which will be finished next year. The move provoked strong opposition from solicitors fearing a loss of traditional conveyancing business.

Baltica has a UK accident insurance subsidiary, Preferred, which has about 100 employees.

Chips Keswick: welcoming the new shareholder

N-power groups in talks

By David Marsh in Muelheim

KRAFTWERK UNION (KWU), the West German power station builder owned by the Siemens electrical group, is discussing possible nuclear co-operation with Framatome, the French maker of pressurised water reactors (PWRs), Mr Klaus Barthelt, KWU's chief executive, said yesterday.

Mr Barthelt would not go into details about proposed collaboration with the French company, which is controlled by the Compagnie Generale d'Electricité (CGE) conglomerate. He said: "We are on the way towards good co-operation and I hope to say more about it in the spring."

Announcing a sharp increase in KWU's turnover last year, and also an increase in non-nuclear orders, Mr Barthelt made clear that the discussions with Framatome formed part of general efforts to find international solutions to world over-capacity in power engineering.

Overall KWU turnover in the 1987-88 business year rose to DM12.7bn (\$6.8bn) from DM7.1bn in 1986-87. The jump was due to the completion of two West German nuclear plants, Isar-2 and Emsland, each valued at DM4bn. New orders rose to DM5.8bn from DM5.2bn as a result of better non-nuclear business, but KWU's long-term worries about its future activity were underlined by a sharp drop to DM18.9bn from DM25.7bn in orders in hand.

Last year's bright spot was a better than expected intake of orders for fossil-fuelled power stations, centred on gas turbine exports. Mr Barthelt said KWU was still worried about a state of "winter" on the international nuclear power station market.

A Framatome-KWU link would involve building and financing reactors in third markets, as well as in the nuclear service sector.

Oiled up for road to recovery

James Buchan reports from Houston on the oil services industry

OILFIELD SERVICES, one of the world's truly terrible businesses for most of the 1980s, is on the road to recovery, according to leading executives and bankers in the industry capital, Houston.

The recovery is uneven. Large parts of the US industry, which is worth \$25bn a year, still have a glut of people and equipment left over from the early 1980s boom. Leading oil companies plan to spend very little more on exploration this year than last, and the number of rigs drilling in the US has been falling since the start of the year.

Conversations in Houston with many people working in oil and gas exploration, contract drilling, drilling fluids, wireline services, production equipment and gas transmission suggest, however, there is more than just Texas optimism at work this time.

Bankruptcies and mergers, wear-and-tear on equipment and an exodus of people have shrunk the US oilfield services industry to a fraction of its former size. However, the survivors are now betting they can make a reasonable living from supplying the growing US gas industry and more overseas exploration.

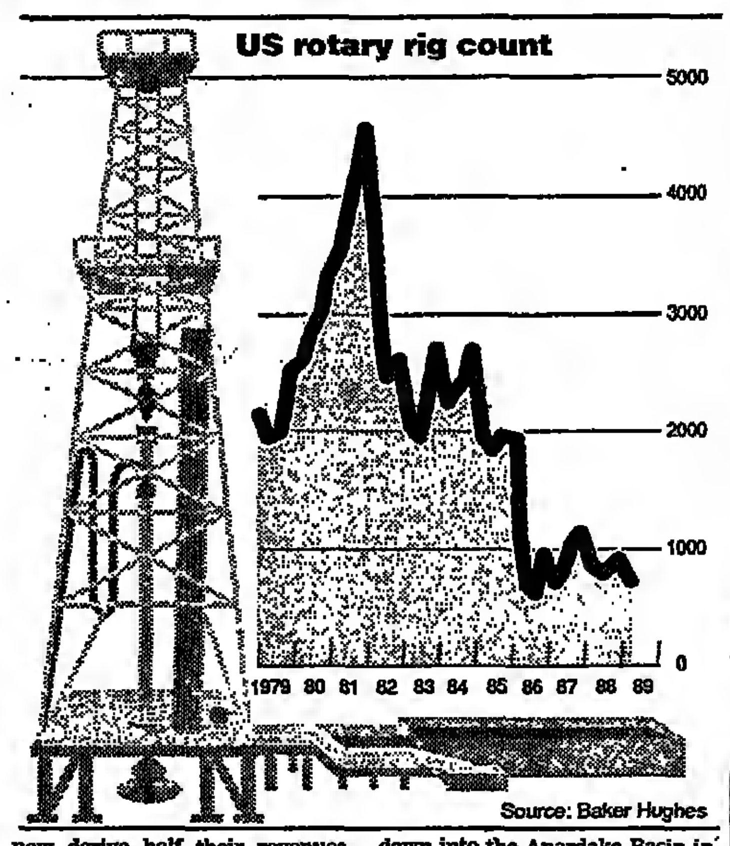
"The rigs could fall another 100 or so and we would still likely break even," says Mr James Woods, chief executive of Baker Hughes, the third largest company in the industry. "I never thought the rigs would save me. Consolidation and efficiency will."

For the first time in half a decade capital is dribbling into oilfield services.

"You couldn't even get working capital for these people," says Mr Anthony Henfrey, managing director of Simmons, an investment bank which specialises in the industry. "Nobody would give you 70 cents on the dollar for an Exxon receivable. In the last six to 12 months, the banking system has opened up a bit and we've seen some heavy-hitting equity investors come in." He believes the new capital will help rationalise the still glutted sectors.

Business remains pretty awful. According to Salomon Brothers, the Wall Street investment bank, oil and gas companies have budgeted for only a 1.2 per cent increase in exploration to \$36.8bn worldwide this year.

The major oil companies are so doubtful of finding big quantities of oil in the lower 48 US states that they are cutting their US budgets by 6.1 per cent to concentrate their resources overseas (up 7.1 per cent). Companies like Baker Hughes and Schlumberger now derive half their revenues from outside the US.



Source: Baker Hughes

It is increasingly independent companies that are drilling in the US. These operators, working on anything from one to 50 wells, must finance their operations internally and are more vulnerable than the majors to the vagaries of the oil price. They have cut back operations this year, doubtful that the Organisation of Petroleum Exporting Countries can maintain crude oil prices at current levels of \$15-17 a barrel. Schlumberger, the world's leading oil service company, reckons North American drilling will be down for the year as a whole.

All over the service industry, prices are weak. Even for sophisticated services like "wireline", the time-saving well delineation services pioneered by Schlumberger, rates are no higher than in 1982. In contract drilling, where almost anybody can set up in business with a few thousand dollars, it is all but impossible to make money in the US.

"The service companies always worked on the tiniest margins, except during the boom," says Mr Jack Holmes, president of Zilkha Energy, one of the few recent entrants to the US exploration and production business. "Now the operators are really pushing them down."

Prospects are improving, however, especially for gas drilling. The so-called "gas bubble", caused by a huge surplus of deliverable supply at the beginning of the 1980s, seems to be deflating. All in the industry hope that gas prices and demand will rise over the next two years. Baker Hughes says that 46 per cent of the rigs now operating in the US are drilling for gas against a third last mid-summer.

Gas tends to lie deeper than oil, and gas wells consume more drill bits, mud, wireline, computer time and man-hours. "There's a huge difference for the service and equipment industry between a 4,000 foot oil well in West Texas and 12,000 foot gas well off Louisiana," says Mr Henfrey of Simmons. Another company, Parker Drilling, has a contract to look for gas 28,500 feet down into the Anardako Basin in Oklahoma, at a probable cost of several million dollars.

The entire oilfield services industry has consolidated. The merger of Baker International and Hughes Tool in 1987 not only saved costs – \$80m, according to Mr Woods – but rationalised two industry sectors, drilling equipment and production tools. Baker Hughes has been profitable since the second half of 1987. "We're making as much money as at the end of 1984, on one third of the drilling activity," says Mr Woods.

In drilling fluids, says Mr James Holland of Baroid, the leading mud company, "the industry has consolidated to the extent that the majors can make money."

The sector most plagued by overcapacity is contract drilling. With the downturn of the early 1980s, US companies recalled their worldwide drilling fleets to the Gulf of Mexico to fight among themselves for any available work. Out of 200 or so rigs in the Gulf, only 120 are working, and then only for short periods.

"We're running a taxicab operation," says Mr Robert Palmer, chief executive of Rowan, which has 13 rigs working in the Gulf. "We drill a well for one to two weeks, then come back to the pool."

Even in this sector, however, there are faint gleams of hope. Increasing activity in the North Sea is providing work for contractors with relatively new, deep-water rigs that can be shifted across the Atlantic. Even in the Gulf, operators say, there are signs of shortage. Many of the stacked rigs have been cannibalised for parts, while experienced drilling engineers have retired or changed professions.

The hardest thing for Texans to accept is this: the industry will never be as big as in December 1981, when 4,500 rigs were working and the world was a sweet place. Schlumberger, which built up a \$4bn cash surplus in the boom years, held on to its money for much of the 1980s in the hope of reinvesting it in the industry. At the end of last year, however, the company gave \$1.1bn back to its shareholders.

British Telecom backs management deal for Marshall

By Clay Harris in London

BRITISH & Commonwealth Holdings, the financial services group, is to sell M.W. Marshall, the world's second-largest money broker, for £174.5m (\$303m) to a management-led consortium whose backers include British Telecom and a Japanese money broker.

The deal is heavily leveraged, with equity of about £55m and senior debt and a revolving credit totalling £120m.

British Telecom has paid £11.7m for a 29.5 per cent equity stake. Its British Telecom (CBP) subsidiary will develop dealing room systems for Marshall, with which it has had commercial links for many years.

Hatori-Marshall, a three-year-old joint venture between Marshall and a consortium of Japanese interests, will have an 18.6 per cent stake, while Hoare Govett will own 4 per cent. The largest block, a total of 47.9 per cent, is held by Marshall's management and an employee trust.

The disposal brings B&C a step closer to completing the long-delayed dismemberment of Mercantile House Holdings, the financial group it bought for £545m in 1987.

As the owner of Exco, the world's largest money broker, B&C never intended to keep Marshall. It had agreed in August 1987 to sell Marshall and another Mercantile subsidiary, the US government securities broker William Street, to US-based Quadrex Holdings for £280m. That deal fell through a year ago and has been the subject of legal wrangling ever since.

The proceeds of the disposal were in line with B&C's reduced expectations after the October 1987 crash and uncertainty over the future of the two operations.

Negotiations for the sale of William Street are continuing, with a management-led consortium as the leading candidate. William Street is expected to fetch between £40m and £50m.

B&C has been seeking £97m in damages from Quadrex. Last week, the Court of Appeal reduced an interim payment which Quadrex had been ordered to pay from £75m to £5m. The case awaits full trial.

Mr Peter Goldie, B&C chief executive, suggested yesterday that Marshall and William Street had been somewhat "shop-soiled" by the lengthy affair. He added: "We are genuinely pleased to see this thing settled and to see them back as friendly competitors."

Marshall and some of its managers are defendants in a suit brought by Quadrex, which claims their opposition to its ownership was instrumental in preventing the completion of the original deal. B&C said it had given "reasonable comfort" to Marshall in relation to this action. Marshall achieved pre-tax profits of £30.8m in 1988. At the year-end, it had net tangible assets of £43m.

B&C said the disposal proceeds would be applied towards the reduction of borrowings although interest savings would not initially offset the loss in earnings from Marshall.

Of the other constituents of Mercantile, B&C sold the UK stockbroker Alexanders Laing & Cruickshank to Crédit Lyonnais of France, and kept Oppenheimer fund management of the US.

Lex, Page 18

Puma sells troubled US arm

By Andrew Fisher in Frankfurt

PUMA, the West German sports shoe and clothing company, has sold its troubled US operation to the local management to ensure quicker reactions to transatlantic market trends.

Its US activities plunged it into the red three years ago, leading to a shake-up in group management, product design and marketing.

The company did not say how much the management of Puma USA, renamed Sports Enterprises, was paying.

Mr Hans Woitschätzke, who became chairman of Puma just over a year ago, said the US subsidiary had been "a source of not inconsiderable burdens" for years. US turnover approached \$110m in 1988.

The US move would put Puma's activities there on a par with those in Japan and Australia, where business is done on a licensing basis, he said.

It will keep its subsidiaries in France, Austria, and Spain, however, developing their operations ahead of the unified European market in the early 1990s.

Although sales growth in the US last year was less than expected – Mr Woitschätzke said a year ago he hoped for about \$150m against \$100m in 1987 - turnover in shoes (75 per cent of the total) rose by more than 30 per cent.

Mr Peter Caruso, chief financial officer of the US company, said "losses have come down considerably." In 1987, Puma's total losses were DM32.5m (\$18m), mostly reflecting the US problems.

A return to profits in the US was possible this year, Mr Caruso said. "We are certainly forecasting this for 1990."

Turnover, however, would be down in 1989 to about \$85m, because Puma had bought out contracts with discounters and was dropping other lines such as fitness shoes.

Discounting had hurt relations with the normal trade, Mr Caruso said.

The sale of the US company is part of a general tightening of costs, product strategy, and distribution methods initiated by Mr Woitschätzke. There had been a lack of management continuity in the US, he said.

"We've had nine presidents in nine years," remarked Mr Caruso.

The head of Sports Enterprises is Mr Christopher Smith, a business associate of Mr Woitschätzke's, who joined the operation last summer.

US Shoe sell-off, Page 22

Co op may cut 2,500 jobs as part of rationalisation

By Haig Simonian in Frankfurt

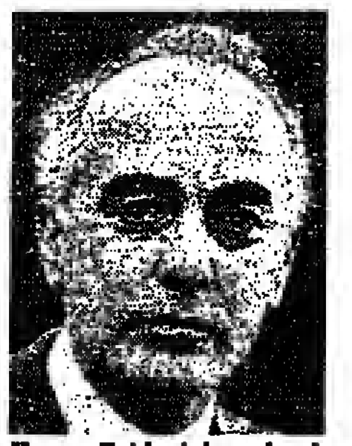
CO OP, the troubled West German food retailer which is now majority-owned by four international banks, might have to eliminate 2,500 jobs from its workforce of 49,000 as part of the rationalisation strategy planned to restore the group to stability.

The issue of job cuts and future strategy will be among the questions posed at the group's press conference this morning, following the rescue package hammered out on Sunday by the group's 140-odd creditor banks.

In a five-hour meeting yesterday, Co op's supervisory board approved the banks' agreement and discussed further measures to improve the group's performance, including the problems of pay and shop location.

Further details are likely to emerge today. However, a senior representative of the HBV white collar trade union voiced opposition to the rationalisation plan yesterday evening.

In a meeting on Sunday, Co op's creditor banks agreed to a rescheduling package for the company's debt. The package was based on a report by the Treuverkehr accounting group which showed that some DM1.95bn ($1.07bn) would be needed to strengthen Co op's 1988 balance sheet to fend off bankruptcy.



Hans Friderichs: bank accord will cut interest bill

This sum is to be made up in three ways:

- About 60 per cent will come from an agreement by the banks to subordinate their unsecured loans to the group, calculated on the basis of lending as at November 25 1988. The banks also agreed not to demand repayment of these loans and to a hold a moratorium on interest payments.
- Some 30 per cent will derive from the write-down of virtually all Co op's capital and reserves.
- The remaining 10 per cent comprises the profit over book value following the sale of Co op Industrie, Co op's food production subsidiary, to the six "pool" banks which are co-ordinating the German company's credit.

The eventual fate of Co op Industrie remains unclear. Co op has a limited right of first refusal to buy back the group, or it could eventually be sold to a third party. However, a short-term disposal is not expected.

Co op's creditor banks have been offered alternative treatments for their unsecured lending. Banks can either "suspend" 33.3 per cent of their exposure in return for a certificate entitling them to repayment if and when the group returns to profitability. Alternatively, they can "suspend" 50 per cent of their exposure, again with profit certificates, but also with the option of converting their funds into Co op shares.

The agreement should give Co op, which is one of Germany's biggest food retailers with sales of about DM14bn last year, time to come up with a new business strategy.

Mr Hans Friderichs, Co op's new supervisory board chairman, said the bank accord will relieve the gronp of around DM100m in annual interest payments.

Meanwhile, the company has taken steps to reassure its suppliers regarding its credit lines following reports that some were withholding deliveries.

Amro earnings jump 22.5%

By Laura Raun in Amsterdam

AMSTERDAM-Rotterdam Bank, the second largest in the Netherlands, enjoyed a robust 22.5 per cent increase in 1988 earnings, thanks to buoyant lending and the sale of a subsidiary.

Amro lifted its 1988 dividend by an unusually large 13 per cent to Fl 5.20 a share, reflecting the healthy performance. Dutch companies generally pursue a very conservative dividend policy.

Net income jumped to Fl 587m ($285m) in 1988 from Fl 479m the year before, although per-share earnings rose a more modest 10 per cent to Fl 10.64 from Fl 9.67. The number of shares outstanding rose sharply due to the trend-setting share swap with Générale de Banque of Belgium, aimed at an eventual merger.

Total income climbed 8 per cent, faster than expenses, which increased 6 per cent. Disclosed provisions for bad loans were maintained at Fl 600m, unchanged from 1987 as a result of the 23 per cent loan portfolio.

Mr Roelof Nelissen, chairman of Amro, yesterday described the 1988 results as "encouraging" and said the bank faced 1989 with "confidence." Responding to reports that the Amro-Générale alliance is encountering problems, he said the two partners have "great trust that despite difficult problems the plans will be completed."

Amro's interest income rose 4.3 per cent to about Fl 2.63bn last year as lending abroad soared by more than 50 per cent and that at home by about 15 per cent. Other Income nearly doubled to around Fl 382m due largely to the sale of half of Albert De Bary, a small Dutch bank which specialises in trade finance, to Deutsche Bank, and to the stronger dollar.

Commission income was flat. The balance sheet total expanded by 16 per cent to stand at Fl 168bn at end-1988, up from Fl 144bn a year earlier.

BNA shares suspended after 8.6% price rise

By Alan Friedman in Milan

TRADING in shares of Banca Nazionale dell'Agricoltura (BNA), Italy's biggest private sector bank, was suspended yesterday as mystery grows about the bank's future ownership and capital adequacy.

Tha bank's shares were suspended after a price rise of 8.6 per cent on the day, bringing the total increase in the price of BNA ordinary shares to 47 per cent over the past two months.

Credito Italiano, one of the three commercial banks controlled by the IRI state holding gronp, yesterday confirmed rumours that it is negotiating to acquire a 10 per cent equity stake in BNA, which at yesterday's suspension price of L13,140 per share would have a value of L150bn ($112m).

Bnt the announcement by Credito Italiano of its interest in BNA stock did not appear to be sufficient for Consob, the stockmarket anthority, to allow trading to resume.

BNA, which is controlled by the family of Count Giovanni Auletta, has for months been under pressure from the Bank of Italy to improve its capital ratios. The bank, which refuses to disclose its capital ratios, has promised a two-stage L400bn rights issue, but there is uncertainty in the market as to whether the Auletta family has the resources to subscribe its portion.

Wardle shares tumble 29%

By Clare Pearson

SHARES IN Wardle Storeys, the acquisitive UK plastic sheeting and security equipment company, plunged by 29 per cent yesterday after it issued a surprise warning of a sharp fall in first-half profits, mainly because of the strength of sterling.

The company said pre-tax profits in the six months ending today would come out 25 per cent lower at abont £5.8m ($10.2m).

Wardle's shares fell 189p to close at 453p.

Goodman Fielder profits down 19.5% in first half

By Nikki Tait

REDUCED contributions from equity-accounted associates and from foreign exchange gains have depressed first-half profits by nearly a fifth at Goodman Fielder Wattie, tha large Australasian food group.

In the six months to December, the company made net profits of A$80.7m (US$66.5m), down 19.5 per cent on the A$100.2m seen in the sama period a year earlier.

The company remained tight-lipped over its 29.9 per cent holding in Ranks Hovis McDougall, the British food group, for which it launched a £1.7bn (US$3bn) bid last summer. This lapsed after being referred to the UK Monopolies and Mergers Commission. Since then, initial efforts to find a suitable single buyer for the stake have proved unsuccessful, although talk of possible consortium interest has continued to circulate.

All GFW would say yesterday was that it is "presently considering a number of proposals which it has received from interested parties."

The costs of the abortive RHM offer are taken below the line and total A$26.1m.

Profits ahead of interest and tax from Goodman's trading oparations are 7 per cent higher at A$107.4m against A$100.6m.

In Australia, the company says that increased profits from three divisions, plus White Wings Foods, were offset by reduced earnings from its margarine and oil interests. These were hit by price competition and flat consumer demand.

In New Zealand, profit from operations declined marginally, with "substantial" rationalisation costs being borne by consumer foods, cereal milling and poultry divisions. However, the Quality Bakers business and ice cream interests did well, and GFW expects the second half here to show an improvement.

Dividands and exchange gains added A$23.5m, sharply down from the A$45m seen last time, but net interest costs eased slightly to A$80.8m from A$85.7m last year. Equity-accounted profits from associate interests chipped in A$35.5m (A$40.5m). The reduction there, says Goodman, largely reflects the restructuring of its interest in Elders IXL, and the effective reduction in this from 15 per cent to 9 per cent.

Below the line, aside from the bid costs, GFW's 28 per cent interest in Waitaki International, a New Zealand-based meat company, has been written off at a cost of A$14.5m, following a loss of NZ$97.1m (US$60.7m) in the year to last October.

High noon meeting at Midi

George Graham expects a clash today at the French company

BARELY nine months after they agreed to join forces, Mr Claude Bébéar and Mr Bernard Pagézy will ask their shareholders today to settle the argument that has been raging between them.

The annual general meeting of Compagnie dn Midi, the insurance and industrial conglomerate headed by Mr Pagézy which now has Mr Bébéar's Axa insurance group as its largest shareholder, must decide between the opposing proposals from the two men. The pair were bitter business foes for years until their surprising and shortlived marriage last April.

Mr Pagézy is backing the election to Midi's board of two representatives of Assicurazioni Generali, the largest Italian insurance group which, with its financial advisers Lazard Frères, holds around 18 per cent of Midi's capital. Ironically, it was to counter a Generali offensive last spring that he made an ally of his arch-rival, Axa.

Mr Bébéar, maanwhile, wants to double his own representation to six of Midi's 14 board seats, in recognition of the 29 per cent stake controlled by his Axa group.

Mediation attempts led by Mr François Michelin, the tyre manufacturer, and by Mr Jacques Calvet, chairman of the Peugeot car group, have failed to solve the dispute amicably.

Generali affirms that, far from allying with Mr Pagézy, it is playing its own hand; the only condition it has accepted is not to take its stake above 20 per cent.

Besides the personality struggle – scarcely less colourful than the battle for control of the Moët Hennessy-Louis Vuitton (LVMH) drinks and luxury goods conglomerate – the shareholders' meeting will resolve a business strategy debate: between Mr Pagézy's conception of a group that, while strong in the insurance sector, maintains a diversified range of financial and industrial activities, and Mr Bébéar's determination to concentrate everything on insurance, aiming to build a big group to compete in Europe.

Unlike LVMH, whose operating divisions hardly seem to have blinked at the changes in their top management with profits up 50 per cent in 1988 to some FFr2bn ($322m), Axa-Midi has probably suffered from the Pagézy-Bébéar row.

The Axa group of insurers built up by Mr Bébéar, including the Mutuelles Unies mutualists, already contained many overlaps.

With the addition of Midi's AGP insurance group, the whole group represents some 4,300 agents general, around 20 per cent of France's insurance sales force, for only around 6 per cent of French premium income.

The association of these agents general has written to the management to complain about the uncertainties hanging over the operational merger.

In the meantime, many of Axa's best employees are the first to answer job advertisements from rival insurers – starting with Mr Patrice-Michel Langlumé, chief executive of Mutuelles Unies, who has moved to Preservatrice Foncière.

Aker forced to miss dividend on poor results

By Karen Fossli in Oslo

AKER, one of Norway's largest diversified companies, has been forced to pass its dividend payment on 1988 results because a major offshore construction contract for a North Sea platform went awry and it lost money in the property sector. It paid NKr2.60 per share on 1987 earnings.

Preliminary figures released two weeks ago saw profits, after financial items, drop to NKr157m ($23.5m) from NKr474m despite a 24 per cent rise in sales to NKr16bn.

Aker lost NKr325m on a NKr3.5bn contract for Statoil, the Norwegian state oil company, which was for the construction and mechanical outfitting of the concrete substructure of the Gullfaks C platform. Earlier Aker said that it had underestimated the scope and complexity of the mechanical outfitting part of the work.

In addition, this month Aker announced that it is to give up its property activities gradually during 1989-90. It had already said it was to spin off Aker Eiendom, the property business, because in recent years it had become a great drain on the group's overall financial capacity.

The division saw losses, after financial items, of NKr4m last year, against profits of NKr115m in 1987, coupled with a decline in sales to NKr100m from NKr267m.

Mr Gerhard Heiberg, Aker's forceful leader, is to step down as president and become chairman on April 1. Mr Karl Glad, one of Norway's most influential industrialists and a senior manager, will replace him.

- Orkla Borregaard, the diversified Norwegian company, said that its shareholders have approved a new class of voting shares as part of plans to increase foreign ownership in the company to 30 per cent from the current maximum of 18 per cent.

The new class of shares, comprising 2.1m shares already foreign-owned and 1m awarded on Friday on a one-for-10 basis, were quoted from yesterday and will be traded freely among Norwegian and foreign shareholders.

Tough leadership at Suez silences the sniggering bankers

Paul Betts on how Renaud de la Genière (right), former governor of the French central bank, became a prize-fighting investment banker

If he had followed the family tradition, Mr Renand de la Genière should have become a surgeon like his father, grandfather and great-grandfather. Instead he opted for a classic French career in the public service.

Inevitably, he attended the Ecole Nationale d'Administration, the elite academy which has groomed generations of top French civil servants. He then joined the Treasury, became for 15 years "directeur du budget," and subsequently moved to the Banque de France where he was governor between 1979 and 1984.

So it was not altogether surprising to hear bankers snigger when the quietly spoken and always gentlemanly former central bank governor was appointed in 1986 chairman of Compagnie Financière de Suez, the large French financial group still nationalised at the time. "It's one thing being tha governor of the Banque de France and another being an investment banker," was the sort of remark which bankers regularly slipped into conversation.

But in the last three years, Mr de la Genière has surprised even the deepest sceptics. He succeeded in privatising Suez in the most difficult conditions during the October 1987 stock market crash.

Within weeks, he launched his group into an epic battle for control of Société Générale de Belgique against Mr Carlo De Benedetti and won. At the time, Mr de la Genière, underwent a serious operation, but he soon returned to help Suez absorb and reorganise the group's big Belgian investment – with a speed, which again surprised the French financial establishment.

"Running this group is a new career for me. But it did not take very long to learn," Mr de la Genière said in his large office with its country house atmosphere.

"After all, when I was governor of the Banque de France I found I had to spend my time defending the franc. When I came here, I found I had to spend my time defending the Suez share price."

Mr de la Genière was governor during three franc devaluations and had to battle to defend the French currency during the heady days of the first Socialist governments of 1981-83. Although he was in profound disagreement with the initial Socialist economic policies, he fought to persuade tha Government to embrace a more rigorous and rational monetary policy.

His efforts were rewarded with the switch in Socialist economic thinking in 1983. But he acknowledges that he would have resigned if the Government had pulled France out of the European Monetary System.

At Snez, he was quickly called to defend the group's share price. "My first task was to prepare the privatisation of the group. When we were finally privatised, there was the stock market crash. It was not easy to persuade our new shareholders that they should continue to have confidence in the group and its medium-term prospects," he said.

Privatisation was crucial for Suez, he emphasised. But he acknowledged that it took much longer to prepare than he expected. "The market had forgotten Suez. It was also more difficult to privatise financial groups like Suez or Paribas than large nationalised industrial companies like Saint-Gobain, or Compagnie Générale d'Electricité (CGE) with much greater public visibility."

Privatisation was the only way for Suez to ensure its longer-term development. "The key to our growth is our capacity to invest our capital funds and therefore our ability to increase our eqnity base," he explained. "Privatisation enabled us to return to the market and pursue our investment policies and development in France and abroad."

Until a year ago, Suez's portfolio was heavily weighted towards hanking, which accounted for about half of the group's total assets with industry and services accounting for only about 20 per cent, insurance around 10 per cent and property interests another 10 per cent. "Moreover, our stakes ware essentially in French companies although some, like Saint-Gobain or Lyonnaise des Eaux, had extensive international operations," Mr de la Genière said.

Another characteristic of the Suez portfolio was that the group tended to own majority stakes in its banking assets, but had traditionally heen a minority stake holder in industry with shareholdings ranging from 5 per cent to 20 per cent in different industrial enterprises. "This seemed to us unsatisfactory and we wanted to change this. We felt we could play a more active industrial role if we held larger stakes in industrial groups," Mr de la Genière explained.

Even before its privatisation, Suez embarked on a policy of diversification to increase the group's presence in the industrial and service sector. This was one of the reasons why Snez wanted to develop a variety of businesses with La Générale without at the time taking control of tha Belgian group.

"Mr De Benedetti's initiative changed this. We faced the choice of either letting Mr De Benedetti take control of La Générale, which would have put an end to our co-operation efforts with the Belgian group, or agreeing to help La Générale in its bid to thwart Mr De Benedetti. It took us about 10 days to make up our minds to fight."

Bnt before entering the battle for La Générale last year, Mr de la Genière said Suez had to make sure that it had the financial muscle to take oo the challenge. "Once we had ensured the necessary financial hacking, our major risk was that our hid would not succeed. But it was a limited financial risk," he claimed.

If Suez, instead of Mr De Benedetti, had lost, it would prohahly have reduced its stake – like the Italian financier whose 45 per cent shareholding in La Générale has now dropped to 15 per cent. "Even so, the risks seemed limited because La Géoérale was a good investmeot offering good medium-term prospects. And if Mr De Benedetti had won, I'm sure the Belgian group would have been very well run," Mr de la Genière said.

Although Suez ultimately paid about FFr13hn ($2.09bn) for its cootrolling stake in La Générale, the former central banker argues that the French group did not pay an excessive price. Bnt he admits that there were psychological risks because the market had doubts on the operation, the ahility of Suez to reach a compromise with Mr De Benedetti, and the French group's capacity for absorhing and taking charge of La Générale.

"But we reached an agreement with Mr De Beoedetti, we gave La Générale a solid Belgian base, we appointed a new managing director. Everything went very quickly," Mr de la Genière said.

For Suez, the deal accelerated its transformation from a predominantly financial group into an industrial operator. "Thanks to La Générale we have now become a more multinational group than in the past with a stock market capitalisation of around FFr35bn. We have now also become an industrial operator and we intend to keep a 51 per cent control of La Générale. We are not raiders. This was a strategic operation," Mr de la Genière explained.

He added that Suez had no intention of huying a group like La Géoérale every year, and that the Freoch group was in no hurry to return to the market for new equity.

But when Suez decides to return to the market to finance its future developmeot in two or three years time, that would involve tapping internatiooal markets far more than in the past. "Last year we did most of our fund raising in France. With our new size we cannot limit ourselves any longer only to the French market."

Mr de la Genière feels Suez, which expects to report consolidated group net earnings excluding minority interests of hetween FFr2.1ho and FFr2.5hn in 1988, now also has a stable shareholding structure with about 37 per cent of the group's capital in the hands of friendly shareholders, another 17 per cent controlled hy other known shareholders, and 4 per cent held hy employees.

Mr de la Genière also wants in the medium term to expand the group's insurance activities through alliances with othar French and European groups.

Although there has been speculation from time to time that the 64-year-old Mr de la Genière might step down soon, he made it clear that his succession was not an issue. He indicated that he hoped to serve a seven-year term at Suez and that "if God gives me good health, my succession is not a problem right now."

During the contest for La Générale last year, there were regular rumours of an internal battle raging hetween the group's four principal executives under Mr de la Genière for his throne. Mr de la Genière scoffs at all this.

"But that does not mean that we all agree about everything. Decisions are taken here unanimously hut sometimes after considerahle debate when everyone can put across his point of view. Wheo I came here, I did not change the top management team because I think it is a good one, especially since it is made up of people with differeot characters and temperaments."

Li group bids HK$1.44bn for Kwong Sang Hong

By Michael Marray in Hong Kong

CHEUNG KONG, the Hong Kong property company at the centre of Mr Li Kashing's business empire, yesterday announced a conditional cash offer for locally listed Kwong Sang Hong, a property development and investment company with a substantial portfolio of commercial and residential buildings.

The offer price of HK$800 a share puts a price tag of HK$1.44hn (US$184.6m) on Kwong Sang Hong. During the past few days Cheung Kong has built np its shareholding from less than 5 per cent to 27.9 per cent after bnying large blocks of shares from Kwong Sang Hong directors at the offer price.

Mr Li is himself a director of Kwong Sang Hong, which has in the past been involved in several joint ventures with Cheung Kong.

The bid is conditional on gaining more than 50 per cent of Kwong Sang Hong's capital.

INTERNATIONAL COMPANIES AND FINANCE

Whittaker to raise $250m by assets sale

By Karen Zagor in New York

WHITTAKER, a US technology and chemical company which has been under threat of takeover, yesterday announced it would sell half its business to pay over $250m in cash back to its shareholders.

The recapitalisation plan, which must be approved by shareholders , was well received by Wall Street yesterday. Whittaker rose $2⅞ to $47¼ on the New York Stock Exchange yesterday morning.

The Los Angeles-based company said each outstanding common share, except those held by senior management, would be converted into $40 in cash and one new common share.

Senior management will receive new shares instead of cash. But the plan provides for managers and employees to hold no more than 25 per cent of the outstanding shares on a fully diluted basis.

To finance the cash payment to shareholders, Whittaker will sell a substantial part of its chemical operations and some of its technology operations, as well as certain non-operating assets.

The operating units to be sold include various chemicals operations as well other industrial business. In 1988 these units accounted for $294m in sales or 59 per cent of the total and $29.8m in operating profits or 53 per cent of the total.

Mr Joseph Alibrandi, chairman, said the programme "will permit the Company's public stockholders to receive substantial immediate value for their shares while retaining a significant ongoing equity interest in a company that will be restructured to concentrate on attractive high technology businesses."

The deal is also expected to provide protection against unwelcome takeover. In December, Whittaker rejected an unsolicited $47.50 a share offer by Caiola Associates as inadequate.

Whittaker also announced an improvement in first quarter earnings with net income for the period ending January 31 of $4.79m or 66 cents a share on sales of $118.57m, compared with $1.18m or 16 cents on sales of $110.84m the previous year.

Operating profits for the quarter rose to $12.49m from $6.97m. The 1988 results include a provision for costs relating to the consolidation of two technology units amounting to $3.5m pre-tax or 34 cents after tax.

US Shoe agrees footwear sale to Merrill unit

By Our Financial Staff

US SHOE, the clothing and footwear group, has agreed to sell its footwear division to an investment group headed by Merrill Lynch Capital Partners for $422.5m in cash.

The group said the deal, which will net about $390m, was part of efforts to increase shareholder value. In fiscal 1987-88 footwear accounted for 34 per cent of sales and 57 per cent of group profits.

The group, which has been hit by a softness in the women's apparel sector and weak shoe sales, last year hired Merrill Lynch Capital Partners, an affiliate of Merrill Lynch Capital Markets, to look at strategies for maximising shareholder value – including a restructuring and possible sale of part of the group.

Under the agreement, US Shoe will also have the right to acquire up to 17.5 per cent of the purchasing company on a fully diluted basis.

US Shoe added that part of the proceeds would be used to raise its dividend from the annual rate of 46 cents to $1, and up to $50m would go to reducing long-term debt.

The company also said it would consider using the proceeds to expand its LensCrafters unit, acquire spectacle retailing businesses and consider a significant stock repurchase programme.

Liz Claiborne bows out of couture

By James Buchan in New York

MS LIZ CLAIBORNE, the US dress designer who created the ruling self-image for American professional women, is retiring from the billion-dollar company she launched with her husband in 1976.

Ms Claiborne, 59, who designed stylish but businesslike clothes that became the uniform of a new generation of career women, said she and her husband would retire in June from active management of the company that bears her name.

She and her husband, Mr Arthur Ortenberg, 62, have been seeking to withdraw for some time but have been obliged to stay to tackle an unexpected plunge in their main market.

The two said over the weekend that after years of working "long, long days," they wanted "time to devote to personal interests and to enjoying the fruits of our labour."

The company, widely regarded as one of the best-managed fashion merchandisers on Seventh Avenue, will apparently be run by Mr Jerome Chazen, who joined the company in 1977 and becomes chairman, and Mr Harvey Falk and Mr Jay Margolis, finance and marketing executives who joined in the 1980s.

Ms Claiborne's departure takes from American business probably its most powerful woman executive, alongside Ms Katharine Graham of the Washington Post. It also closes a chapter on a phenomenal success story. Liz Claiborne, which is based in Manhattan, has grown from revenues of under $50m in 1979 to $1.18bn last year.

The daughter of a banker, Ms Claiborne was brought up in Europe and New Orleans and received her first break in 1949, when she won a design contest sponsored by Harper's Bazaar magazine. For 20 years she worked as a designer of other people's clothes before setting up Liz Claiborne with Mr Ortenberg, an experienced textile industry executive.

Mr Ortenberg presided over the business side, contracting out the new company's work to a far-flung network of manufacturers. Ms Claiborne, an elegant but apparently unassuming woman avoided the glamour areas of couture and evening wear. Instead, she designed clothes she later described as "businesslike, but not too pinstripe, more casual, more imaginative, less uptight."

It was these clothes that gave hundreds of thousands of women confidence in infiltrating male professions, from the law to stockbroking. Ms Claiborne became an idol to many women, particularly in New York. This may have confirmed her reclusive nature.

The couple's departure comes at a challenging time for Liz Claiborne, which last year saw its first decline in earnings, to $110.3m. In common with the rest of Seventh Avenue, Liz Claiborne banked on middle American women flocking to simplified versions of recent high couture, which has scaled peaks of ostentatious frivolity under the influence of Mr Christian Lacroix, a French fashion designer.

But for the past 18 months, American businesswomen have obstinately refused to buy thigh-high mini-skirts and little-girl frilly dresses. Sales of "sportswear" (as informal women's clothes are called in the US) have been in the doldrums. Executives in the industry say there is no sign yet of a "bankable" fashion trend appearing.

In addition, Liz Claiborne is so well-known it faces a saturation of its main womenswear market. The company is seeking new areas for expansion in the less familiar areas of menswear, cosmetics and retailing.

The Spirit of '89: a Liz *Claiborne creation*

Comalco plans A$1bn plant upgrading

By Kenneth Gooding, Mining Correspondent

COMALCO, the Australian aluminium group 67 per cent owned by CRA, said yesterday it would spend A$1bn (US$824.5m) in the next three years to upgrade its plants and boost capacity. The company also announced that profits for 1988 had benefited from high aluminium prices and reached record levels for the second successive year.

On an equity accounted basis, net profits were A$455.5m, an increase of 155 per cent. The total included a A$62m extraordinary profit from a decrease in future tax provisions. In 1987 A$11.7m was written back from smelter closure costs. The dividend is more than doubled from 15 cents to 32 cents a share.

Mr Mark Rayner, managing director, said Comalco expected to double annual production at its 30 per cent-owned Boyne Island aluminium smelter in Queensland to about 400,000 tonnes.

Comalco wanted to increase capacity at the Tiwai Point smelter, in New Zealand, in which it has a 20.6 per cent interest, by 100,000 tonnes a year to 344,000. But that depended on talks on threatened electricity price rises.

Capacity at the 30.3 per cent-owned Queensland Alumina concern would be lifted to 3.3m tonnes from 3m tonnes.

Revenues were 23.5 per cent higher at A$2.48bn. Debt fell from A$780m to A$370m, so gearing was reduced from 50 per cent to 24 per ceot.

● Australian Consolidated Minerals, the Perth energy and mining group, lifted interim net profits nearly 2½ times to A$24.5m from A$9.8m.

During the period, to December, the group spun off its gold mining interests into ACM Gold, now 50.2 per cent owned.

Heavy operating loss at troubled Canadian airline

By David Owen in Toronto

WARDAIR, the troubled Canadian airline recently acquired by Calgary's PWA Corporation, has reported a swingeing C$57.7m (US$48m) loss on operations for last year.

The loss was partly mitigated by after-tax gains on aircraft sales, but the figure reflects the impact of a vicious fare war for Canadian customers waged by the country's three leading airlines.

In all, net losses totalled C$21.6m or C$1.50 a share, against net earnings of C$35.6m or C$3.12 in 1987. The figures include gains of C$36.1m and C$28.6m respectively on aircraft sales. Revenues were not disclosed.

The company said rising turnover had been insufficient to offset rapidly escalating costs. Fourth-quarter income was particularly disappointing.

Before the end of March, Wardair expects to receive about C$65m in cash on the closing of agreements to sell future aircraft delivery rights. However, failure to generate additional cash from operations or to restructure the balance sheet may result in defaults on scheduled October 1989 debt repayments.

PWA announced virtually stagnant profits of C$30.3m or C$1.25 a share for its latest financial year.

This compares with income of C$28.4m or C$1.22 in 1987. The year-earlier figure includes an extraordinary charge of C$29.5m related to the cost of merging four airlines into Canadian Airlines International, the country's second largest domestic carrier.

Operating income dipped to C$77.8m from C$164.2m in 1987. Operating revenues rose to C$2.18bn from C$1.87bn.

Matsushita Electric well ahead in third quarter

By Clive Wolman in Tokyo

MATSUSHITA Electric Industrial, the largest Japanese consumer electronics group, yesterday reported an 8 per cent increase in consolidated sales to Y1,511bn ($12bn) in the third quarter to December.

Pre-tax profits were Y157bn, an increase of 9 per cent, while net profits were ahead by 20 per cent to Y64.4bn.

Despite the strength of the yen, overseas sales rose 9 per cent to Y634bn. Among the product groups, the largest sales rise, of 17 per cent to Y202bn, was in the electronic components division.

Over the first three quarters of the 1988-89 financial year, pre-tax profits totalled Y407bn, a 16 per cent increase.

● Yamanouchi Pharmaceutical, the Japanese producer of ethical drugs, boosted parent pre-tax profits by 25.4 per cent to Y55.8bn last year, on sales up 12.8 per cent to Y185.1bn, Our Financial Staff adds.

The growth was attributed to strong sales of Perpidine, its circulatory function activator, and Gastar, an anti-ulcer agent. The Y5 final dividend makes Y10 a share for the year against Y8.25.

● Mitsubishi Petrochemical, in which the Royal Dutch/Shell group has a 20 per cent stake, pushed up pre-tax profits by 84.5 per cent last year to a record Y52.3bn. Sales were 17.8 per cent higher at Y340.3bn.

Strong growth was shown both in mainstream petrochemicals and in fine chemicals and resins. The annual dividend is Y7.50, up from Y6.

● Isuzu Motors, the truck making affiliate of General Motors, returned to consolidated pre-tax profits of Y55.3bn in the year to last October, against losses of Y2.2bn. Net profits were Y6.6bn, however, against earnings of Y7bn the previous year when Isuzu sold down its securities portfolio.

Turnover was Y1,212bn, compared with Y1,086bn.

INTL CAPITAL MARKETS

Eurobonds transfixed by rising interest rates fears

By Andrew Freeman

EUROBOND markets were transfixed yesterday by the prospect of rising interest rates. The uncertain background meant that new-issue activity was light, although syndicate managers were trying to inspire demand for some short-dated deals.

There was a broad consensus among Eurobond officials that borrowers might be persuaded to bring deals in short-dated paper, possibly in US, Canadian or Australian dollars. "The over-riding sentiment is a fear that we are locked into a cycle of rising interest rates and falling bond markets," said one official.

No one braved the straight bond markets, but there was a handful of new issues in the Japanese equity warrant sector as well as a callable yen-denominated deal.

Bankers Trust International was the lead manager of a Y8bn four-year issue for Skopbank, which was priced at 101½ per cent and carried a coupon of 7 per cent.

The bonds are callable at par after two years, while both the call and final redemption payments are based on a formula linked to the Nikkei stock index in Japan.

As with the previous bout of callable US dollar deals, much of the paper was pre-placed in Tokyo, with only a small proportion of the deal remaining to be syndicated in London. The bonds were quoted by the lead manager at less 1⅝ bid, a discount equivalent to co-manager fees. The issue proceeds were swapped into floating-rate US dollars.

INTERNATIONAL BONDS

There was some comment from rival houses that the deal did not deserve the status of a public issue because of the pre-placement elament and because tha lead managar would not reveal the formula linking the redemption payment to the Nikkei index.

Three equity warrant deals were launched, although the overnight fall of the Tokyo stock market provided a less than buoyant backdrop. Nomura International was the lead manager of a US$150m deal for Nitto Denko Corporation, which came with an indicated coupon of 4⅝ per cent. The bonds moved to a healthy premium, quoted by Nomura at 102½ bid, well above the par issue price and syndication fees of 2¼ per cent.

Daiwa Europe brought two issues to the market. A $300m deal for Tokyu Land Corporation came with an indicated coupon of 4½ per cent and was trading at a grey market price of 103¾ bid.

A $100m issue for Nikken Chemicals had a quieter reception. The indicated coupon was 4⅝ per cent, but the smaller issue size met less demand and the bonds were trading at a slight premium of 100¾ per cent.

In Switzerland, secondary market prices of selected straight and convertible bond issues were again under pressure, with traders reporting consistent, nervous selling. Domestic short-term interest rates rose again yesterday by around ⅛ point.

Osterreiche Kontrollbank (OKB) 20-year 5 per cent bonds dropped to 89¾, a fall of 3 points on the day. The issue price in early January was 100¾. At yesterday's closing price, the bonds were yielding 5.88 per cent.

Polly Peck 6¼ per cent 1996 bonds fell 1½ points to 94, while the recent equity-linked issue for Cerus dropped to around less 3¼ bid.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Tokyu Land Corp.♦	300	(4½)	100	1993	2¼/1½	Daiwa Europe
Nitto Denko Corp.♦	150	(4⅝)	100	1993	2¼/1½	Nomura Int.
Nikken Chemicals Co.♦	100	(4⅝)	100	1993	2¼/1½	Daiwa Europe
YEN						
Den Danske Bank(a)◆	6bn	6	101⅞	1994	1⅞/1¼	Morgan Stanley Int.
Skopbank(b)◆	8bn	7	101½	1993	1⅝/1⅛	Bankers Trust Int.
SWISS FRANCS						
Final terms fixed on:						
KYC Machine Ind.(c)§♦◆	50	½	100	1994	n/a	SBC

♦With equity warrants. §Convertible; ◆Final terms. a) Redemption linked to Yen/A$ exchange rate. b) Redemption linked to Nikkei stock index. Call June 1991. c) Put option fixed at 103⅝ to yield 1.917%. Coupon fixed as indicated.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 27

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†92⅝	92⅞	0	−0⅛	10.40
B.F.C.E. 7 92	150	†92	92	0	−0⅜	10.13
B.F.C.E. 9¼ 95	150	96¼	96¾	−0⅛	−1	9.97
Brit. Tel. Fin. 9⅛ 98	250	†96¼	96¾	−0⅛	−1¼	9.94
Canada 9 96	1000	†96¼	96¾	−0½	−0⅜	9.71
Canadian Pac 10¼ 93	100	†100½	101½	0	−0¼	10.42
C.C.C.E 9¼ 95	300	†96⅞	97¼	−0¼	−0⅜	9.96
C.N.C.A 9½ 93	150	†97½	98	0	−0⅜	6.95
Credit Lyonnais 9 91	200	†97⅞	98¼	−0¼	−0½	10.23
Credit National 8¼ 93	200	†93¾	94¼	−0¼	−0⅜	10.08
Credit National 7½ 92	200	92½	93⅛	−0¼	−0⅜	10.16
Credit National 9½ 92	160	†98½	99	—	—	9.89
Dai-Ichi Kan 9⅝ 92	150	98¾	99¼	0	−0¼	9.93
Denmark 7⅜ 92	500	92⅝	92⅞	−0⅛	−0⅜	10.18
E.E.C. 7 91	100	92½	93	−0¼	−0½	10.11
E.E.C. 7¼ 93	250	†91⅛	91⅛	0	−0½	10.04
E.E.C. 8 90	350	†97	97	0	−0⅛	10.31
E.I.B. 7½ 93	100	†90⅝	91⅛	−0⅜	−0¼	10.10
E.I.B. 9⅝ 97	150	†97⅝	97⅞	0	−0¼	9.78
Elec. De France 9 98	200	†94⅜	94⅞	−0½	−1	9.92
Finland 7⅞ 97	200	†88⅜	88⅞	−0⅜	−0⅞	10.02
Fion. Exp. Cd. 8½ 92	200	95⅝	96	−0¼	−0½	10.24
Fion. Exp. Cd. 9⅜ 95	200	96⅝	97	−0⅜	−1½	10.07
Ford Motor Credit 8 91	250	†95⅞	95⅜	0	−0¼	10.30
Gen. Elec. Cap. Corp. 9 93	500	†96¼	96¾	0	−0⅞	10.01
Gen Elec Credit 10¼ 00	200	†99⅞	100¼	+0¼	0	10.24
Gen. Mtrs. Corp. 9⅜ 92	200	†96⅝	97⅛	−0¼	−0½	10.13
Halifax BS 9½ 93	200	†97½	97½	0	+0⅜	10.21
IBM Credit Corp. 8⅞ 91	250	97⅛	97⅝	−0⅜	−0½	10.00
IBM Credit Corp. 9½ 92	250	†98⅞	99⅜	—	—	9.85
Italy 9½ 95	1000	†97¼	97¾	−0⅜	−1	10.01
Italy 9⅝ 99	1000	†97¾	98¼	—	—	9.95
L.T.C.B of Japan 8 91	100	94⅞	95⅜	−0⅜	−0⅜	10.30
L.T.C.B of Japan 9¼ 92	200	97⅝	97⅞	−0¼	−0⅞	10.15
Metropolis Tokyo 9⅜ 93	200	99	99½	−0⅜	−0⅜	9.73
Nippon Tel. & Tel. 9⅜ 98	250	96⅜	96⅝	−0¼	−1¼	9.92
Norway 8¾ 93	500	95¼	96⅛	−0¼	−0⅜	10.01
Portugal 8¼ 91	300	†95½	96	−0⅜	+0¼	10.63
Prudential Crp. 8⅜ 94	125	†94½	95	−0½	−1	10.03
Qantas Airways 10⅛ 95	140	†101⅝	101⅞	0	−0⅜	9.99
Saskatchewan 10¼ 92	100	†101⅛	101⅝	0	−0⅜	10.09
State Bk S Aust 9¼ 93	100	†97¼	97¾	0	−0⅞	10.12
Sumitomo Bank 9⅝ 92	150	†98⅝	99¼	0	−0½	9.97
Swed Exp Cred 7¼ 91	100	†93	93½	−0¼	−0⅜	10.12
Sweden 7 91	250	†93¼	93¾	+0¼	−0¼	9.91
Sweden 8¾ 96	200	†93⅞	94⅜	−0⅜	−1¼	9.94
Sweden 8½ 92	200	†95¼	95¾	0	−0¼	9.97
Toyota 9½ 91	200	99	99½	−0¼	−0½	9.84
Victorian Rep 11⅛ 92	150	†103½	104	−0¼	−0½	10.15
World Bank 7 92	300	†92½	93	−0⅜	−0¼	9.97
World Bank 9 97	300	†94⅝	95¼	−0⅜	−1	9.90
World Bank 9¼ 98	300	†96⅜	96⅞	0	−0⅜	9.83
World Bank 9⅝ 99	500	†98⅛	98⅝	—	—	9.88
Yasuda Trust Fin 8⅛ 93	100	†94	94	0	−0¼	10.26

Average price change... On day −0⅛ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	97⅞	98⅜	+0½	−0½	6.36
Avis Fin. SVS 5⅞ 92	100	96	96½	0	−2⅜	7.29
Bank of Tokyo 5¾ 93	100	98¼	98¾	0	+0½	6.18
Central BK. Turkey 7 92	200	100½	100⅞	+0⅜	+0¼	6.86
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YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	101⅜	101⅞	0	−0½	5.00
Belgium 4⅜ 94	45	97⅜	97⅞	0	−0½	5.12
Canada 4⅜ 92	80	98⅜	98¾	0	−0½	4.95
Elec. De France 5⅜ 94	20	100	100½	0	−0½	5.07
Ireland 5⅛ 93	30	99⅞	100⅜	+0⅜	−0⅜	5.09
Norway 5⅛ 95	50	100	100¼	−0¼	−0⅜	5.10
Rep. of Italy 5¾ 92	150	102	102¼	+0⅛	−0½	4.96
Sweden 4⅜ 93	50	98¼	98½	0	−0⅜	5.06
World Bank 5½ 92	50	101¼	102	−0⅜	−0½	4.90

Average price change... On day +0 on week −0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10⅜ 93 £	50	†96¼	96¾	−0⅞	−1½	11.39
Abbey Nat. 11⅜ 95 £	100	†98⅜	99⅞	−0⅜	−1½	11.89
Alg. Bk. Ned. 5½ 92 FL	150	95	95½	−0¼	−0⅞	7.34
Alg. Bk. Ned. 5¾ 93 FL	200	94⅞	95⅛	0	−0⅜	7.18
Austria 7½ 94 ECU	100	94⅜	94¾	−0⅜	−1	8.89
Bk. Nova Scot. 14⅜ 90 A$	75	95¾	96⅜	0	+0⅜	17.17
Barclays Aus. 13½ 91 A$	100	94⅜	94⅞	−0½	−0⅜	16.18
BP Capital 9⅜ 93 £	100	93¾	94⅜	−0¼	−1½	11.65
British Airways 10 98 £	100	93¼	93⅞	−0¼	−1¼	11.20
Buhrmann-Tet. 6⅜ 93 FL	100	96¼	97¼	−0¼	−0⅜	7.18
Comm. Bk. Aust. 12⅜ 93 A$	100	†90⅜	91¼	−0½	−0⅜	14.35
Coop. Ctr. Rabo. 6¼ 93 FL	100	97	97½	−0⅜	−0⅜	7.08
Coop. Ctr. Rabo. 6 92 FL	200	97⅜	97¾	−0¼	−0⅜	6.85
Dixons 11 95 £	90	†97½	97⅞	0	−1	11.60
Deut. Bk. Aus. 13⅜ 93 A$	125	93⅜	93⅞	+0⅜	+0⅞	15.38
Eastman Kodak 13 90 A$	100	94½	95	−0¼	−0¼	17.08
E.I.B. 7 96 LFr	100	†97⅜	98⅜	0	0	7.35
Elec. France 10¼ 95 C$	125	†94¾	95¼	−0⅞	−2½	11.38
Euratom 7⅜ 97 ECU	145	90⅝	91⅜	0	−1⅜	8.95
Fed. Bus. Dv. Bk. 9¼ 92 C$	75	†94⅜	94⅞	−0⅜	−1½	11.78
Fed. Bus. Dev. Bk. 10⅜ 93	50	95¾	96⅜	−0⅜	−1⅜	11.68
Ford Cr. Can. 10¼ 93 C$	100	†96⅜	96⅞	−0⅜	−2⅜	11.86
Ford Mtr. Cred. 7½ 91 ECU	100	96⅜	97¼	−0¼	−0⅜	8.76
G.M.A.C. 9⅜ 93 C$	150	†92⅜	93⅛	−0⅜	−2⅜	11.99
Honda Intl. 7⅜ 93 Ecu	100	95½	96	−0⅜	−1¼	9.00
Hydro-Quebec 11 99 C$	400	97¼	97⅞	−0½	−2⅜	11.43
Inv. Industry Int. 10 93 £	60	†94⅜	94⅞	−0⅜	−1¼	11.78
Lloyds Bank 10¼ 98 £	150	†94	94⅜	−0⅞	−1¼	11.29
Lloyds Bank 11⅜ 98 £	100	†98⅜	98⅞	−0¼	−1¼	11.64
Montreal Tst. 10¼ 93 C$	100	†95½	97⅜	+0⅜	−1½	11.82
Morgan Guar. Tst. 11 91 C$	150	97⅜	97⅞	−0⅜	−1½	12.46
Nat. Aus. Bk. 14¾ 92 A$	100	99½	99⅞	—	—	15.07
Ned. Midd. Bank 6 92 FL	150	96½	97	0	−0½	7.20
New Zealand 9½ 93 £	100	93⅜	93½	−0⅜	−1¼	11.61
New Zealand 7¼ 93 ECU	200	95⅜	96	−0⅜	−1⅜	9.06
Philips Gloeil. 6 93 FL	300	96	96⅜	+0⅜	−0½	7.03
Prudential Fin. 9⅜ 07 £	150	†90	90½	−1	−2⅜	10.59
Royal Bk. Scot. 10⅜ 98 £	125	†95⅞	96⅜	−0⅞	−2	11.37
Saskatchewan 9⅞ 91 C$	150	†94⅞	95⅜	−0⅜	−1¼	12.28
Saskatchewan 10¼ 93 C$	200	†94⅜	95½	−0½	−2⅜	11.69
S.O.R. 7¾ 95 ECU	90	94¼	94¾	−0¼	−0⅜	8.97
State Bk. NSW. 13⅜ 93 A$	100	94⅜	95	—	—	15.50
Union Bk. Switz. 7⅜ 93	150	†97	97½	0	−1¼	8.21
World Bank 5⅜ 92 FL	100	96⅞	97⅜	0	0	6.80
World Bank 13⅜ 92 A$	100	†95⅜	95⅜	—	—	15.13
Zentrspk. 13¼ 93 A$	75	93⅜	93⅞	−0⅜	+1¼	15.21

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.58	99.63	18/04	13.21
[illegible]					

[illegible]

* No information available—previous day's price

† Only one market maker supplied a price

[illegible]

[illegible]

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday February 27, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	56.8767	31.3091	44.9603
Albania	(Lek)	10.0683	5.7697	3.1761	4.5609
Algeria	(Dinar)	11.9859	6.8687	3.7810	5.4296
Andorra	(Fr Fr)	10.7975	6.1876	3.4061	4.8912
	(Sp Peseta)	199.55	114.3553	62.9495	90.3963
Angola	(Kwanza)	53.2300	30.5042	16.7917	24.1132
Antigua	(E Carr $)	4.7291	2.7100	1.4918	2.1422
Argentina	(Austral)	31.9450	18.3065	10.0772	14.4711
Aruba	(Florin)	3.1352	1.7966	0.9890	1.4202
Australia	(Aus $)	2.1980	1.2595	0.6933	0.9956
Austria	(Schilling)	22.355	12.9108	7.0520	10.1268
Azores	(Port Escudo)	261.60	149.9140	82.5236	118.5050
Bahamas	(Bahama $)	1.7450	1	0.5504	0.7904
Bahrain	(Dinar)	0.6625	0.3796	0.2089	0.3001
Balearic Is	(Sp Peseta)	199.55	114.3553	62.9495	90.3963
Bangladesh	(Taka)	55.00	31.5186	17.3501	24.9150
Barbados	(Barb $)	3.5228	2.0187	1.1112	1.5958
Belgium	(Belg Fr)	66.55c	38.1375	20.9936	30.1472
		66.75g	38.2521	21.0567	30.2378
Belize	(B $)	3.5030	2.0074	1.1050	1.5868
Benin	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Bermuda	(Bermudian $)	1.7450	1	0.5504	0.7904
Bhutan	(Ngultrum)	26.80	15.3581	8.4542	12.1404
Bolivia	(Boliviano)	4.3963	2.5195	1.3868	1.9915
Botswana	(Pula)	3.4975	2.0042	1.1033	1.5843
Brazil	(Cruzado)	1.7450	1	0.5504	0.7904
British Virgin Is	(US $)	1.7450	1	0.5504	0.7904
Brunei	(Brunei $)	3.3630	1.9272	1.0608	1.5234
Bulgaria	(Lev)	1.4956	0.8570	0.4717	0.6775
Burkino Faso	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Burma	(Kyat)	11.4112	6.5393	3.5997	5.1692
Burundi	(Burundi Fr)	268.8660	154.0779	84.8157	121.7966
Cameroon	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Canada	(Canadian $)	2.0970	1.2017	0.6615	0.9499
Canary Is	(Sp Peseta)	199.55	114.3553	62.9495	90.3963
Cp. Verde Is	(CV Escudo)	132.1594	75.7360	41.6906	59.8683
Cayman Is	(CI $)	1.4537	0.8330	0.4585	0.6585
Cent. Afr. Rep	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Chad	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Chile	(Chilean Peso)	443.50	254.1547	139.9053	200.9060
China	(Renminbi Yuan)	6.5098	3.7305	2.0535	2.9489
Colombia	(Col Peso)	607.77	348.2922	191.7255	275.3204
Comoro Is	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Congo (Brazz)	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Costa Rica	(Colon)	139.7697	80.0972	44.0913	63.3158
Cuba	(Cuban Peso)	1.3339	0.7644	0.4207	0.6042
Cyprus	(Cyprus £)	0.8325	0.4770	0.2626	0.3771
Czechoslovakia	(Koruna)	26.12c	14.9684	8.2397	11.8323
		16.88i	9.6733	5.3249	7.6466
		16.93t	9.7020	5.3406	7.6693
Denmark	(Danish Krone)	12.3600	7.0830	3.8990	5.5990
Djibouti Rep	(Djib Fr)	310.00	177.6504	97.7917	140.4303
Dominica	(E Carrib $)	4.7291	2.7100	1.4918	2.1422
Dominican Rep	(D Peso)	11.1220	6.3736	3.5085	5.0322
Ecuador	(Sucre)	750.54o	430.1088	236.7634	339.9954
		943.85a	540.8882	297.7444	427.5651
Egypt	(Egyptian £)	4.19	2.4011	1.3217	1.8980
El Salvador	(Colon)	8.7475	5.0128	2.7594	3.9626
Equat'l Guinea	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Ethiopia	(Ethiopian Birr)	3.5973	2.0614	1.1347	1.6295
Falkland Is	(Falk £)	1.00	0.5730	0.3154	0.4530
Faroe Is	(Danish Kroner)	12.3600	7.0830	3.8990	5.5990
Fiji Is	(Fiji $)	2.4869	1.4251	0.7845	1.1265
Finland	(Markka)	7.4325	4.2593	2.3446	3.3669
France	(Fr)	10.7975	6.1876	3.4061	4.8912
Fr. Cty/Africa	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Fr. Guiana	(Local Fr)	10.7975	6.1876	3.4061	4.8912
Fr. Pacific Is	(CFP Fr)	196.00	112.3209	61.8296	88.7882
Gabon	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Gambia	(Dalasi)	11.3848	6.5242	3.5914	5.1573
Germany East	(Ostmark)	3.1700	1.8166	1	1.4360
Germany West	(D Mark)	3.1700	1.8166	1	1.4360
Ghana	(Cedi)	428.34	245.4670	135.1230	194.0385
Gibraltar	(Gib £)	1.00	0.5730	0.3154	0.4530
Greece	(Drachma)	268.25	153.7249	84.6214	121.5175

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Greenland	(Danish Krone)	12.3600	7.0830	3.8990	5.5990
Grenada	(E Carr $)	4.7291	2.7100	1.4918	2.1422
Guadaloupe	(Local Fr)	10.7975	6.1876	3.4061	4.8912
Guam	(US $)	1.7450	1	0.5504	0.7904
Guatemala	(Quetzal)	4.7291	2.7100	1.4918	2.1422
Guinea	(Fr)	525.45	301.1174	165.7570	238.0294
Guinea-Bissau	(Peso)	1138.47	652.4183	359.1388	515.7281
Guyana	(Guyanese $)	15.7050	9	4.9542	7.1143
Haiti	(Goude)	8.7575	5.0186	2.7626	3.9671
Honduras	(Lempira)	3.4989	2.0051	1.1037	1.5850
Hong Kong	(HK $)	13.6270	7.8091	4.2987	6.1730
Hungary	(Forint)	93.7807	53.7425	29.5838	42.4827
Iceland	(Icelandic Krona)	89.61	51.3524	28.2681	40.5934
India	(Indian Rupee)	26.80	15.3581	8.4542	12.1404
Indonesia	(Rupiah)	3070.21	1759.4326	968.5205	1390.8086
Iran	(Rial)	122.10	69.9713	38.5173	55.3114
Iraq	(Iraqi Dinar)	0.5456	0.3126	0.1721	0.2471
Irish Rep	(Punt)	1.1915	0.6828	0.3758	0.5397
Israel	(Shekel)	3.1520	1.8063	0.9943	1.4278
Italy	(Lira)	2337.00	1339.2550	737.2239	1058.6636
Ivory Coast	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Jamaica	(Jamaican $)	9.4230	5.4000	2.9725	4.2686
Japan	(Yen)	220.75	126.5042	69.6372	100
Jordan	(Jordanian Dinar)	0.9450	0.5415	0.2981	0.4280
Kampuchea	(Riel)	174.50	100	55.0473	79.0486
Kenya	(Kenya Shilling)	32.90	18.8538	10.3785	14.9037
Kiribati	(Australian $)	2.1980	1.2595	0.6933	0.9956
Korea North	(Won)	1.6990	0.9736	0.5359	0.7696
Korea South	(Won)	1184.55	678.8252	373.6750	536.6024
Kuwait	(Kuwaiti Dinar)	0.5028	0.2881	0.1586	0.2277
Laos	(New Kip)	753.14	431.5988	237.5835	341.1732
Lebanon	(Lebanese £)	823.63	471.9942	259.8201	373.1053
Lesotho	(Maluti)	4.3313	2.4821	1.3663	1.9620
Liberia	(Liberian $)	1.7450	1	0.5504	0.7904
Libya	(Libyan Dinar)	0.5076	0.2908	0.1601	0.2299
Liechtenstein	(Swiss Fr)	2.7075	1.5515	0.8541	1.2265
Luxembourg	(Lux Fr)	66.55	38.1375	20.9936	30.1472
Macao	(Pataca)	14.1120	8.0871	4.4517	6.3927
Madeira	(Port Escudo)	261.60	149.9140	82.5236	118.5050
Malagasy Rep	(MG Fr)	2475.74	1418.7621	780.9905	1121.5130
Malawi	(Kwacha)	4.5865	2.6283	1.4468	2.0776
Malaysia	(Ringgit)	4.7648	2.7305	1.5030	2.1584
Maldive Is	(Rufiya)	15.2556	8.7424	4.8124	6.9108
Mali Rep	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Malta	(Maltese £)	0.5870	0.3363	0.1851	0.2659
Martinique	(Local Fr)	10.7975	6.1876	3.4061	4.8912
Mauritania	(Ouguiya)	131.36	75.2779	41.4384	59.5062
Mauritius	(Maur Rupee)	24.95	14.2979	7.8706	11.3023
Mexico	(Mexican Peso)	4126.87a	2364.9684	1301.8517	1869.4767
		4025.82d	2307.0601	1269.9747	1823.7010
Miquelon	(Local Fr)	10.7975	6.1876	3.4061	4.8912
Monaco	(French Fr)	10.7975	6.1876	3.4061	4.8912
Mongolia	(Tugrik)	5.8772	3.3680	1.8540	2.6623
Montserrat	(E Carr $)	4.7291	2.7100	1.4918	2.1422
Morocco	(Dirham)	14.45	8.2808	4.5583	6.5458
Mozambique	(Metical)	1172.8569	672.1242	369.9864	531.3055
Namibia	(S A Rand)	4.3313	2.4821	1.3663	1.9620
Nauru Is	(Australian $)	2.1980	1.2595	0.6933	0.9956
Nepal	(Nepalese Rupee)	42.0360	24.0893	13.2605	19.0425
Netherlands	(Guilder)	3.5825	2.0530	1.1301	1.6228
N'nd Antilles	(A/Guilder)	3.1352	1.7966	0.9890	1.4202
New Zealand	(NZ $)	2.7965	1.6025	0.8821	1.2668
Nicaragua	(Cordoba)	5598.40	3208.2521	1766.0567	2536.0815
Niger Rep	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Nigeria	(Naira)	12.4357	7.1264	3.9229	5.6333
Norway	(Nor. Krone)	11.6475	6.6747	3.6742	5.2763
Oman	(Rial Omani)	0.6765	0.3876	0.2134	0.3064
Pakistan	(Pak. Rupee)	33.70	19.3123	10.6309	15.2661
Panama	(Balboa)	1.7450	1	0.5504	0.7904
Papua New Guinea	(Kina)	1.4614	0.8374	0.4610	0.6620
Paraguay	(Guarani)	712.80o	408.4813	224.8580	322.8992
		1804.04a	1033.8338	569.0977	817.2321

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Peru	(Intl)	1663.92o	953.5358	524.8958	753.7576
		2182.19a	1250.5386	688.3880	988.5345
Philippines	(Peso)	36.20	20.7449	11.4195	16.3986
Pitcairn Is	(£ Sterling)	1.00	0.5730	0.3154	0.4530
	(NZ $)	2.7965	1.6025	0.8821	1.2668
Poland	(Zloty)	977.48	560.1604	308.3533	442.7995
Portugal	(Escudo)	261.60	149.9140	82.5236	118.5050
Puerto Rico	(US $)	1.7450	1	0.5504	0.7904
Qatar	(Riyal)	6.3955	3.6650	2.0175	2.8971
Reunion Is. de la	(F/Fr)	10.7975	6.1876	3.4061	4.8912
Romania	(Leu)	14.78i	8.4699	4.6624	6.6953
Rwanda	(Fr)	135.39	77.5873	42.7097	61.3318
St Christopher	(E Carr $)	4.7291	2.7100	1.4918	2.1422
St Helena	(£)	1.00	0.5730	0.3154	0.4530
St Lucia	(E Carr $)	4.7291	2.7100	1.4918	2.1422
St Pierre	(French Fr)	10.7975	6.1876	3.4061	4.8912
St Vincent	(E Carr $)	4.7291	2.7100	1.4918	2.1422
San Marino	(Italian Lira)	2337.00	1339.2550	737.2239	1058.6636
Sao Tome	(Dobra)	177.8206	101.9373	56.1137	80.5801
Saudi Arabia	(Riyal)	6.5625	3.7607	2.0701	2.9728
Senegal	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Seychelles	(Rupee)	9.50	5.4441	2.9968	4.3035
Sierra Leone	(Leone)	71.59	41.0257	22.5835	32.4303
Singapore	($)	3.3630	1.9272	1.0608	1.5234
Solomon Is	($)	3.7490	2.1484	1.1826	1.6983
Somali Rep	(Shilling)	427.3360	244.8916	134.8063	193.5836
South Africa	(Rand)	4.3313c	2.4821	1.3663	1.9620
		6.9155g	3.9630	2.1815	3.1327
Spain	(Peseta)	199.55	114.3553	62.9495	90.3963
Spanish Ports in N Africa	(Sp Peseta)	199.55	114.3553	62.9495	90.3963
Sri Lanka	(Rupee)	57.50	32.9512	18.1388	26.0475
Sudan Rep	(£)	7.8818	4.5167	2.4863	3.5704
Surinam	(Guilder)	3.1264	1.7916	0.9862	1.4162
Swaziland	(Lilangeni)	4.3313	2.4821	1.3663	1.9620
Sweden	(Krona)	10.9400	6.2693	3.4511	4.9558
Switzerland	(Fr)	2.7075	1.5515	0.8541	1.2265
Syria	(£)	36.7815	21.0782	11.6029	16.6620
Taiwan	($)	48.55	27.8223	15.3154	21.9932
Tanzania	(Shilling)	227.50	130.3724	71.7665	103.0577
Thailand	(Baht)	44.00	25.2148	13.8801	19.9320
Togo Rep	(CFA Fr)	539.88	309.3868	170.3091	244.5662
Tonga Is	(Pa Anga)	2.1980	1.2595	0.6933	0.9956
Trinidad/Tobago	($)	7.4439	4.2658	2.3482	3.3720
Tunisia	(Dinar)	1.6344	0.9366	0.5155	0.7403
Turkey	(Lira)	3380.29	1937.1289	1066.3375	1531.2751
Turks & Caicos	(US $)	1.7450	1	0.5504	0.7904
Tuvalu	(Australian $)	2.1980	1.2595	0.6933	0.9956
Uganda	(New Shilling)	287.7534	164.9016	90.7739	130.3526
U A E	(Dirham)	6.4270	3.6830	2.0274	2.9114
United Kingdom	(£)	1.00	0.5730	0.3154	0.4530
United States	(US $)	1.7450	1	0.5504	0.7904
Uruguay	(Peso)	838.23	480.3610	264.4258	379.7191
USSR	(Rouble)	1.0912	0.6253	0.3442	0.4943
Vanuatu	(Vatu)	183.54	105.1805	57.8990	83.1438
Vatican	(Lira)	2337.00	1339.2550	737.2239	1058.6636
Venezuela	(Bolivar)	25.3968e	14.5540	8.0116	11.5047
		66.501	38.1688	20.9779	30.1245
Vietnam	(Dong)	5779.95	3312.2922	1823.3280	2618.3238
Virgin Is-British	(US $)	1.7450	1	0.5504	0.7904
Virgin Is-US	(US $)	1.7450	1	0.5504	0.7904
Western Samoa	(Tala)	3.79	2.1719	1.1955	1.7168
Yemen	(Rial)	18.00	10.3151	5.6782	8.1540
Yemen PDR	(Dinar)	0.6018	0.3448	0.1898	0.2726
Yugoslavia	(Dinar)	11495.34	6587.5873	3626.2902	5207.4020
Zaire Rep	(Zaire)	540.25	309.5988	170.4258	244.7338
Zambia	(Kwacha)	17.35	9.9426	5.4731	7.8595
Zimbabwe	($)	3.45	1.9770	1.0883	1.5628

Special Drawing Rights February 24 1989 United Kingdom £0.754443 United States $1.32435 Germany West D Mark 2.42184 Japan Yen N/A. European Currency Unit Rates February 27 1989 United Kingdom £0.653851 United States $1.14522 Germany West D Mark 2.07457 Japan Yen144.469

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries, 01 634 4360/5.
Monday February 27, 1989. Nicaraguan Cordoba devalued by 15.8% on 23rd February.

INTERNATIONAL CAPITAL MARKETS

Treasuries stabilise in run-up to GNP revisions

By Janet Bush in New York and Norma Cohen in London

US TREASURY bonds stabilised yesterday after last week's substantial losses, against a background of sharply rising short-term US interest rates and a hike in the discount rate.

At midsession, bond prices were quoted as much as ⅛ point higher in the middle of the yield curve and virtually unchanged at the very short and very long ends. The Treasury's benchmark long bond was quoted unchanged for a yield of 9.18 per cent.

Trading was subdued yesterday, partly as the market took stock of last week's events and partly because of caution before the publication today of the first revisions to fourth-quarter US GNP.

Forecasts are for an upward revision in GNP itself from 2 per cent reported in preliminary figures to around 2.5 per cent. Some analysts also expect an upward revision in the implicit price deflator from 4.7 per cent to perhaps 4.9 per cent.

Any such revision in the price deflator would be particularly important for debt markets, given January's evidence of accelerated inflation in both consumer and producer prices.

Fed Funds opened considerably higher than had been expected at 9⅞ per cent, which weighed on prices in early trading. The Fed announced it was doing $2bn in customer repurchases, consistent with a Fed Funds target of 9¾ per cent to 9⅞ per cent.

UK conventional government bond prices closed as much as half a point lower in very thin trading, with dealers marking prices down in line with the slide in sterling.

GOVERNMENT BONDS

The Bank of England was reported to have bought pounds in the open market twice, first at just above DM3.18 and later at DM3.1730. Dealers said the anxiety about the weakness of the currency was compounded by weekend press reports speculating that if UK current account data due out on Wednesday showed a wider-than-expected deficit, base rates might have to rise still further.

While the Bank of England was said to be accepting offers to purchase stock yesterday, its presence was not sufficient to offset the slide in prices.

Dealers noted that the absence of new gilts issues and the Bank of England's buying-in policy were compounding a severe shortage of the two stocks, which are deliverable against the March gilts futures contract expiring on Wednesday. Of the two stocks deliverable against that contract one, the 13¾ per cent stock due 2004/2008 is not available for borrowing via money brokers. The other stock, the 10 per cent due 2004, is also believed to be in very short supply, with open interest in the futures contract now in excess of the amount available.

AUSTRALIAN government bond prices rose about a quarter point during the Sydney trading day, but erased all their gains as soon as European and American investors entered the markets and noted a fall in the currency. The Australian dollar fell to about 79.35 US cents from 81.72 US cents during the trading day in Sydney, prompting the US Federal Reserve to enter the market to support it, according to currency dealers. The Fed was believed to be acting for the Reserve Bank of Australia.

IN THE West German government bond markets, prices opened 10 to 15 pfennigs weaker but recovered most of their losses to end the day virtually unchanged, aided by the stability of the currency.

The Bundesbank announced a special nine-day repurchase agreement, in which DM3.9bn was allocated with no minimum bid rate. Dealers said most bids were around 6 per cent, but the move was seen as a technical reaction to end-month liquidity requirements rather than an expression of interest rate policy.

The Bundesbank also announced it would set terms for a new federal government bond on Thursday afternoon.

IN FRANCE, government bond markets opened about a half point weaker but recovered after a Bank of France repurchase agreement tender yesterday afternoon left interest rates unchanged. The markets, watching rises in key interest rates in the US and possibly West Germany, had been pushing bond yields up all last week. The markets were also encouraged by yesterday's news of a 0.4 per cent rise in January's consumer price index, in line with expectations.

The Bank of France announced it would offer between FFr7bn and FFr9bn of tap stock at its next monthly auction on March 2.

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	107-21	-14/32	10.86	10.49	10.25
	9.750	1/98	97-20	-16/32	10.18	8.82	9.76
	9.000	10/08	98-26	-15/32	9.13	8.91	8.98
US TREASURY *	8.875	11/98	96-22	+3/32	9.40	9.23	8.92
	9.000	11/18	98-02	+3/32	9.19	9.07	8.74
JAPAN No 111	4.600	6/98	97.5204	+0.093	4.99	4.88	4.80
No 2	5.700	3/07	107.6863	+0.308	4.90	4.83	4.77
GERMANY	6.375	11/98	95.7250	-0.025	7.01	6.88	6.68
FRANCE BTAN	8.000	1/94	94.3868	+0.020	8.48	9.39	8.65
OAT	8.125	5/99	92.3800	-0.300	9.30	9.10	8.60
CANADA *	10.250	12/98	98.1250	-0.250	10.56	10.29	9.98
NETHERLANDS	6.7500	10/98	96.9750	+0.050	7.27	7.08	6.80
AUSTRALIA	12.000	7/99	89.8947	-0.278	13.85	13.83	12.88

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Morgan Stanley cracks the German egg

A US foreign investment bank's delicate approach is paying off, says Haig Simonian

Life has not always been easy for the new foreign investment banks set up in Frankfurt since the Bundesbank's liberalisation of the West German capital markets in the mid-1980s. No bank claiming global coverage can afford to ignore Germany, given the strength of the D-Mark, its role as an international investment vehicle and the potential of the domestic economy. But, how to go about cracking the German egg is another matter.

At first it seemed that Swiss reserve, big capital and strong placing power would make CSFB-Effectenbank, the German arm of the Credit Suisse First Boston group and one of the earliest foreign arrivals in Frankfurt, the leading challenger to the domestic banks' power. Later, Salomon Brothers appeared to take up the banner on the basis of brashness and large-scale trading ability.

While both are keeping busy, the signs now suggest that Morgan Stanley, the most recent among the three, and certainly the most reticent, may end up posing the toughest long-term challenge to domestic financial institutions in much capital markets business.

Those signs come despite the fact that the bank has been in Frankfurt only since June 1987, and still has only 52 staff – well below the 1,000-odd it employs in London, let alone the at least four times that in New York. Indeed, Morgan Stanley's Frankfurt subsidiary is little bigger than its Zurich office – its only other Continental European operation.

However, smallness has not prevented it from ending its first full year modestly in profit, despite more than doubling its staff since the end of 1987 and taking extra office space.

Morgan Stanley's Frankfurt office rests on three pillars: DM Eurobond new issues; institutional sales and trading, especially in equities and derivatives; and corporate finance, meaning principally mergers and acquisitions (M&A). Each is represented by a local managing or executive director, under the eye of Mr Peter Kellner, who chairs its managing board.

On the bond side, the bank came sixth in the DM Eurobond new issues league last year, having led six deals worth DM1.28bn ($675m). "It would have been fifth if it hadn't been for a DM200m deal by Trinkaus & Burkhardt at the end of the year," says Mr Detlef Müller-Witte, the director responsible for new issues.

Innovation has played a part in its climb up the league tables – witnessed in its equity warrant deals for Banco Santander and Banesto. However, while it also showed innovation in a clever currency warrant bond for the Nordic Investment Bank, frills alone are not its secret. The bank also led three straights, including a DM300m deal for Dai-ichi Kangyo Bank.

Avoiding head-on competition with the German banks for domestic clients has been part of the recipe. While Morgan Stanley says it is ready to fight all comers in bringing deals for foreign clients, it sees nothing to gain by clashing with the domestic giants. "We're still looking at niches," admits Mr Müller-Witte.

However, it has been in selling equities and equity derivates that it appears to have made the biggest mark. Admittedly, much of the business has been transferred from London, where it already had a strong reputation for selling German equities and still trades on the SEAQ system.

Precise figures are hard to find, but Mr Coni Flunser, head of sales and trading for equities and derivatives in Frankfurt, reckons Morgan Stanley now accounts for 2.5 to 3 per cent of the daily equity turnover on the Frankfurt bourse. Sometimes the figure can rise as high as 5 per cent, he thinks. As result, the number of institutional sales and trading staff has grown from two to 10. More will come if the pace continues.

Mr Flunser reckons Morgan Stanley has already won some incremental new business since shifting its book to Germany. "The market does notice if you're doing sizeable business," he says. While selling German equities and derivatives to foreign investors is still its main activity, there is the odd order for German shares from domestic institutions. However, "you need to take time to develop relations with large domestic accounts," he recognises.

One product, DM-denominated Japanese equity warrants, has very much caught the market's imagination. Bolstered by the bull market and its established presence in Tokyo, Morgan Stanley reckons it now does 30 to 35 per cent of the daily secondary market turnover in this paper in Germany.

Why is this, given the growing Japanese presence in Frankfurt? Morgan Stanley stresses cohesiveness and structure. Its organisation along product rather than strictly geographic lines has helped it avoid some of the inter-office rivalries seen in other firms – not least the Japanese – where prices are not always competitive.

Mergers and acquisitions – Morgan Stanley's third business line – is sometimes more like missionary work in Germany, according to some foreign investment bankers. Many see the country as representing ideal soil for a lively M&A business, but with a lot of back-breaking ploughing still to be done.

Morgan Stanley has tried to break into both large cross-border deals involving German multinationals and smaller transactions for the Mittelstand – Germany's large number of small to medium-sized private companies – where the pickings should be rich but the going is tough.

Not surprisingly, it is in the larger deals where it has scored soonest. The bank was involved in three of last year's biggest deals. It represented Polysar in the $382m sale of its latex division to BASF, advised AM International on the sale of Harris Graphics to Heidelberger Druck, and Cooper on its $500m sale of Cooper Technicon to Bayer.

However, Mr Siegfried Drüker, who runs the corporate finance side along with Mr Kellner, has also spent a lot of time trying to cultivate Mittelstand contacts. So far, 90 to 95 per cent of deals for private companies are being done without advisers, he believes.

The difficulty is getting over the suspicion of many chief executives. Previous policy by some foreign banks, which have either blitzed the market and then pulled out unexpectedly or rotated staff too frequently for the taste of conservative German managers, has not helped.

Gaining the trust of medium-sized firms is a painstaking affair, with much time spent on the road. Nor are the results by any means automatic. Nevertheless, the bank thinks the miles of travelling will prove worthwhile in the end as Germany's first generation of post-war entrepreneurs steps down and private companies start thinking more seriously about 1992. The bank has already made some impact in advising Benckiser, a forward-looking consumer products group, on buying a controlling stake in Mira Lanza, an Italian counterpart.

Are there any lessons for other new foreign investment banks from Morgan Stanley's experience in Frankfurt? Undoubtedly much of its success stems from existing advantages – not least a strong reputation and existing business relationships out of London and New York.

However, Morgan Stanley is not the only house with such advantages. A number of other Wall Street houses doing German business can claim as much. Rather, image and business approach have helped – notably its reserve and conservatism – which go down particularly well in Germany, where long-term commitment and plugging away at clients can sometimes count for more than a flashy one-off deal.

"One of the things we have to overcome is the burden of being an American investment bank," notes one executive. Morgan Stanley's main danger could be that it is turning more German than the Germans.

Kleinwort sets up equity-linked unit

By Norma Cohen

KLEINWORT BENSON has established a new equity-linked products unit to conduct research and execute trades on behalf of clients for products in all major convertible and warrant markets.

Effective immediately, the unit will also begin market-making activities, quoting two-way prices to other dealers, in all equity-linked issues for UK and French borrowers.

However, the firm is still considering whether to commit its capital to market-making in Japanese convertible and equity warrant issues, which have proven to be the largest and most lucrative sector of the Euromarkets.

"We are looking very closely at Japan," said Mr Geoffrey de Sibert, director of the new unit. However, he noted that market-making capacity in that sector required hefty investment in back office systems and staff to handle the settlement of an additional 500 to 1,000 trades per day through the Euroclear or Cedel.

Several firms have ventured into market-making in Japanese equity warrants, only to withdraw with great embarrassment after losses stemming from inadequacies in back office systems.

Lazard Frères Tokyo move

By Clive Wolman in Tokyo and Janet Bush in New York

LAZARD FRERES, the Wall Street investment bank, said yesterday it would file soon for approval on a new Tokyo office, specialising in cross-border mergers and acquisitions.

The office, to open in spring or early summer, will start by employing perhaps three or four Japanese-speaking professionals. Mr Peter Lewis, a general partner of Lazard Frères in New York, said the company would not take principal positions in transactions but would advise purely on cross-border deals in the US and in Europe.

Lazard Frères has had a representative office in Tokyo for 10 years and has acted as adviser to Japanese clients on acquisitions in the US worth more than $4bn.

Mr Lewis said the decision to open a full office in Tokyo reflected a desire to seek M & A advisory business more aggressively.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Feb 27 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Fri Feb 24 Index No.	Thu Feb 23 Index No.	Wed Feb 22 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	908.71	-1.2	10.31	3.93	11.89	1.53	919.46	912.27	915.04	758.55
2	Building Materials (28)	1127.60	-1.5	11.28	4.05	10.91	0.45	1145.12	1139.18	1146.54	996.10
3	Contracting, Construction (38)	1670.41	-1.0	12.02	3.68	10.84	2.89	1687.32	1683.15	1686.77	1582.88
4	Electricals (10)	2630.79	-1.1	8.09	4.29	15.04	0.75	2659.36	2629.48	2660.21	2067.27
5	Electronics (30)	2051.02	-1.6	9.14	3.19	14.16	7.98	2085.04	2068.48	2073.11	1518.80
6	Mechanical Engineering (55)	487.89	-1.2	9.76	3.87	12.48	0.53	493.89	489.83	492.46	389.00
8	Metals and Metal Forming (7)	517.59	-0.5	14.83	5.69	7.62	0.00	520.32	519.01	522.30	438.86
9	Motors (17)	305.95	-1.2	10.69	4.32	10.86	0.00	309.61	308.14	309.64	288.18
10	Other Industrial Materials (22)	1529.04	-0.4	9.02	4.12	13.15	3.87	1535.29	1510.28	1500.30	1259.78
21	CONSUMER GROUP (186)	1151.25	-0.7	8.99	3.66	13.96	3.19	1159.08	1159.42	1166.80	1038.44
22	Brewers and Distillers (22)	1297.49	-0.4	9.62	3.43	13.13	5.20	1302.79	1297.54	1299.41	1021.53
25	Food Manufacturing (21)	1017.08	-1.2	9.82	3.79	13.93	2.21	1029.84	1036.89	1045.67	839.87
26	Food Retailing (15)	1962.77	-0.9	9.24	3.58	14.24	8.17	1980.87	1984.24	2002.71	2023.87
27	Health and Household (13)	2076.19	-0.7	6.46	2.61	17.74	0.48	2090.45	2075.18	2094.19	1826.80
29	Leisure (33)	1560.12	-0.8	7.69	3.34	16.42	12.13	1572.66	1568.20	1583.23	1282.73
31	Packaging & Paper (17)	585.20	-0.7	9.53	3.91	13.05	0.53	589.03	585.57	588.36	505.37
32	Publishing & Printing (18)	3640.11	-1.0	8.69	4.31	14.41	3.38	3675.98	3675.03	3701.33	3426.26
34	Stores (33)	752.11	-0.1	11.29	4.60	11.45	1.64	753.22	760.05	762.68	822.26
35	Textiles (14)	508.75	-0.5	13.69	5.60	8.75	0.25	511.12	511.98	515.86	578.61
40	OTHER GROUPS (94)	1021.21	-0.7	10.41	4.32	11.73	8.97	1028.68	1029.10	1038.90	877.95
41	Agencies (10)	1230.78	-0.6	0.95	2.69	14.13	5.48	1238.40	1234.91	1243.54	1129.53
42	Chemicals (22)	1173.33	-0.9	11.37	4.95	10.57	0.37	1183.46	1183.57	1186.59	1054.44
43	Conglomerates (11)	1425.08	-0.6	10.85	5.12	10.65	4.27	1434.19	1427.54	1448.91	1175.60
45	Shipping and Transport (13)	2268.62	-0.7	8.50	3.69	15.30	0.00	2284.89	2272.74	2300.28	1846.92
47	Telephone Networks (2)	1061.52	-0.6	11.06	4.42	11.75	0.00	1068.40	1077.76	1086.67	946.71
48	Miscellaneous (28)	1422.03	-0.9	9.95	3.82	11.43	0.68	1434.35	1431.84	1449.91	1151.42
49	INDUSTRIAL GROUP (487)	1071.57	-0.8	9.76	3.92	12.67	2.11	1080.53	1078.39	1085.18	931.26
51	Oil & Gas (13)	1848.21	-2.4	9.88	6.10	12.94	23.12	1893.36	1883.86	1900.95	1725.88
59	500 SHARE INDEX (500)	1138.05	-1.0	9.77	4.20	12.71	3.81	1149.95	1147.22	1154.86	998.59
61	FINANCIAL GROUP (126)	729.17	-1.1	–	5.02	–	4.74	737.50	738.07	746.31	661.32
62	Banks (8)	714.46	-2.4	21.63	6.51	6.03	13.06	731.75	735.59	747.52	667.42
65	Insurance (Life) (8)	1022.02	-0.6	–	5.28	–	0.00	1027.91	1027.25	1033.83	979.88
66	Insurance (Composite) (7)	582.72	-0.7	–	5.36	–	0.00	586.79	585.07	590.69	519.58
67	Insurance (Brokers) (7)	999.51	-1.5	8.76	6.42	14.27	0.68	1014.93	1015.50	1011.90	873.18
68	Merchant Banks (11)	346.42	-0.1	–	4.33	–	0.03	346.90	346.26	348.55	341.54
69	Property (53)	1292.98	-0.3	5.59	2.62	22.77	2.15	1296.87	1284.40	1301.40	1046.00
70	Other Financial (32)	378.58	-0.8	9.46	5.36	13.29	1.92	381.57	382.28	383.11	384.96
71	Investment Trusts (74)	1056.93	-1.1	–	2.93	–	3.37	1069.17	1060.98	1070.72	865.33
81	Mining Finance (2)	669.63	-1.3	8.45	3.22	12.76	2.59	678.21	675.99	681.50	413.19
91	Overseas Traders (8)	1402.54	-0.7	8.45	4.76	13.83	15.65	1412.56	1396.75	1401.63	1022.26
99	ALL-SHARE INDEX (710)	1039.40	-1.1	–	4.27	–	4.07	1050.47	1048.43	1055.94	998.08

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Year ago
FT-SE 100 SHARE INDEX♦	1996.7	-22.8	1997.9	1983.3	2019.5	2016.6	2033.7	2061.0	2065.8	1768.8

FIXED INTEREST

	PRICE INDICES	Mon Feb 27	Day's change %	Fri Feb 24	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	117.88	-0.24	118.17	–	2.18
2	5-15 years	134.26	-0.50	134.93	–	2.25
3	Over 15 years	148.31	-0.49	149.03	–	1.86
4	Irredeemables	173.54	-0.65	174.68	–	1.16
5	All stocks	132.03	-0.42	132.58	–	2.20
	Index-Linked					
6	5 years	131.05	-0.35	131.51	–	1.36
7	Over 5 years	131.76	-0.68	132.66	–	0.72
8	All stocks	131.61	-0.67	132.49	–	0.74
9	Debentures & Loans	118.40	+0.44	118.44	0.56	1.90
10	Preference	89.88	....	89.96	0.08	0.56

	AVERAGE GROSS REDEMPTION YIELDS		Mon Feb 27	Fri Feb 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.33	9.14	8.75
2		15 years	9.03	8.94	9.06
3		25 years	8.91	8.85	8.97
4	Medium Coupons	5 years	10.58	10.49	9.28
5		15 years	9.53	9.45	9.26
6		25 years	9.07	9.01	9.15
7	High Coupons	5 years	10.68	10.59	9.39
8		15 years	9.74	9.67	9.41
9		25 years	9.26	9.19	9.17
10	Irredeemables†		8.86	8.80	9.08
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.63	3.50	2.54
12	Inflation rate 5%	Over 5 yrs.	3.57	3.52	3.82
13	Inflation rate 10%	5 yrs.	2.74	2.60	1.56
14	Inflation rate 10%	Over 5 yrs.	3.40	3.35	3.65
15	Debs & Loans	5 years	11.93	11.90	10.75
16		15 years	11.24	11.30	10.65
17		25 years	10.66	10.71	10.65
18	Preference‡		10.03	10.02	10.56

♦Opening index 1988.4; 10 am 1984.8; 11 am 1987.3; Noon 1983.7; 1 pm 1985.4; 2 pm 1985.6; 3 pm 1988.7; 4 pm 1991.1; 4.05 pm 1991.0 (a) 4.53pm (b) 11.52am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	107	1
Corporations, Dominion and Foreign Bonds	6	14	22
Industrials	234	694	650
Financial and Properties	57	367	243
Oils	15	49	35
Plantations	1	2	9
Mines	40	49	95
Others	39	113	95
Totals	395	1,395	1,150

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Feb 20
- Last Dealings Mar 03
- Last Declarations Jun 01
- For settlement Jun 12

For rate indications see end of London Share Service

Calls in Eagle Trst, Control Secs, Ross Cons, ASDA, Butte Mng, PWS Hldgs, Avis Europe, Astra Trst, INOCO, New England Props, Dares ests, Card Energy, Premier Cons, Wellman Eg, Mrs Fields, Blacks Leis, P/C Tusker Resc.

LONDON TRADED OPTIONS

A SWING in the call-put ratio in traded options volumes stood out yesterday in a market hit by interest and exchange rates scares, and by heavy movements in equity prices.

Overall options dealings were dominated by business in options on the FT-SE 100 Index and trading in the index on LIFFE. Dealings in individual stocks were little to be seen, despite gyrations in underlying equity prices.

The call-put ratio lay more heavily towards puts than calls in terms both of overall business and the index, and the more substantially so in the index. The main trend of dealings in options runs in the ordinary way towards the call side. Overall dealings yesterday came to 34,244 contracts, made up of 15,835 calls and 18,409 puts. Index trading amounted to 14,398 contracts, not so exceptional in itself for the day before expiry of the February contract today, but unusually large proportionately to the total.

The split on the call-put ratio on index trading was even more remarkable than that on overall dealings. There were 3,545 contracts traded on the call side and 10,853 on the put – about a one-to-three. Leading dealers interpreted this as a sign of resistance to the heavy fall in the index in the earlier part of the day.

The index itself ended 22.8 points down on balance, at 1,996.7, having touched 1,983.3 just before noon.

There was substantial trading running between the options and futures market in the index, with the March future commanding strong turnover and a good premium both over the cash value of the index and market calculation of fair value for the premium, given allowances made for such things as dividend and interest rates.

BP emerged late in the day as the most heavily traded individual options stock, on 1,370 contracts, with 858 calls and 512 puts. This is little in relation to the open interest in the stock of around 46,000 contracts. Trusthouse Forte attracted just over 1,000 contracts, and Racal a little less.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*464)	460	22	36½	49	11	25	26
	500	7	19	29	38	44	47
Brit. Airways (*186)	160	32	36	39	2	6	6
	180	16	21	27	6	13	15
	200	6	12	16	15	22	24
Brit Coal (*223)	200	30	35	–	1½	4	–
	220	14	20	20	7	12	15
	240	5	10	17	20	23	24

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd. Biscuits (*316)	300	26	36	43	7	14	17
	330	9	20	25	19	26	30
Ultramar (*294)	280	44	50	–	21	26	–
	294	19	–	–	15	–	–
	300	34	40	–	28	34	–
Woolworth (*265)	240	31	37	–	2½	7	–
	260	16	24	35	9	14	18
	280	7	16	24	20	25	31

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Barclays (*438)	420	25	32	40	9	14	20
	460	4	12	20	40	40	45
Blue Circle (*519)	460	64	68	84	3	12	16
	500	30	40	58	9	24	30
	550	7	18	30	34	50	56
British Gas (*165)	160	8	15	17	2	4	6½
	180	1	5	7	16	16	18½
Dixons	140	19	26	31	2½	7	12

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UK COMPANY NEWS

Goldberg lifts Tootal stake to 22%

By Alice Rawsthorn

MR ABRAHAM Goldberg, the "Mr Textiles" of Australia, has spent £10.6m to increase his holding in Tootal, the UK textiles group, from 19.5 to 22.3 per cent.

Tootal's share price rose by 1p to 133½p on the announcement and on speculation that Mr Goldberg was finalising plans to mount a full bid for the group.

Mr Goldberg flew to London from Australia last week. He issued a statement yesterday confirming that he was "reviewing all his options" with regard to Tootal.

Schroders, the London merchant bank advising Mr Goldberg, said that the Australian industrialist was "looking at the whole gamut from buy to sell".

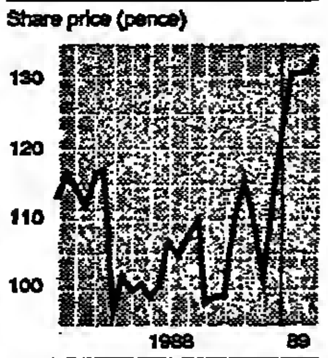
Mr Goldberg, who staged an unsuccessful bid for Tootal in 1985, began to build a holding in the group last autumn. A few days before Christmas he disclosed his interest and has since, slowly but steadily, augmented his stake.

Last month he proposed a merger to Tootal whereby the UK group would have acquired his Australian textile interests in return for a sizeable shareholding. Tootal rejected the proposals.

Mr Goldberg returned to Australia but continued to buy shares in the UK group. In yesterday's transaction he bought 8m shares – at an average price of about 132p – thereby increasing his holding to 63.5m shares.

The Tootal board has made it clear that Mr Goldberg's advances were unwelcome ever since he first emerged as a substantial shareholder.

Tootal is one of the UK's largest textile groups, with interests in clothing and home textiles, and a leading player in the world market for sewing thread. In the last three years, under Mr Geoffrey Maddrell as chief executive, it has been extensively restructured.



Suter reports 46% improvement to £39m

By Clay Harris

SUTER, the industrial holding company which is emerging from four months of takeover speculation, increased pre-tax profits by 46 per cent to £39m in 1988. Earnings per share grew by 26 per cent, and total dividends have been lifted by 40 per cent.

Flanked yesterday by directors who tried unsuccessfully to put together a management buy-out in the wake of the collapse of Thomson T-Line's agreed £300m takeover bid, Mr David Abell reiterated that Suter was determined to remain independent and that he intended to stay as chairman and chief executive.

Suter had no listed companies in its sights at present, Mr Abell said. Instead, it was in negotiations to buy up to nine private companies or subsidiaries of quoted groups across the full range of its activities. If all came to fruition, the deals would require a cash outlay of up to £90m.

However, although Suter at present has net cash of nearly £25m and listed investments with a market value of at least£30m, it was in no rush to spend its hoard, Mr Abell said.

Suter expects slower growth in 1989 because of external economic conditions. "The first quarter will be stunningly good." Mr Abell said. "What we're saying is that it can't continue at that level."

In 1988, the pre-tax advance from £26.7m was achieved on turnover ahead by 14 per cent to £217.8m (£190.4m). Of profits from continuing activities, £12.8m (£8.6m) came from the industrial group which includes valves, automotive components and chemicals, and £5.5m (£4.1m) from distribution.

Property contributed £6.3m (£2.3m) while holdings in associate companies accounted for £7.5m (£3.1m). Discontinued operations put in £600,000 (£2.4m).

Corporate activities contributed £6.3m (£6.2m). The total included share dealing profits of £2.5m to £3m and the £1.9m (£1.2m) benefit of a pensions holiday. The latter figure will be much smaller in 1989 because of a new accounting standard.

Since the mid-1987 acquisition of Mitchell Cotts, the engineering and overseas trading group, Suter's disposals have raised £63m and reduced borrowings by £26m. More than 70 per cent of the total came from selling parts of MC. Operations that remain contributed profits of £6.2m in 1988.


Tony Andrews

Mr David Abell, chairman and chief executive: Suter is determined to remain independent

A net extraordinary credit of £7m (£1.5m) reflected the profits from the disposal of MC'a transport division and the 26 per cent stake in Avdel, less £2m in closure costs for the engine remanufacturing operation at Swindon and a £4m writedown on assets in Uganda.

Fully diluted earnings per share rose to 22.3p (17.7p). A final dividend of 5p (3.5p) will lift the total to 7p (5p).

● COMMENT

Is David Abell an asset or a liability to Suter? "Both," he answers candidly. On the 1988 figures, he could afford to be a little less modest. He also correctly balances caution about prospects for 1989 with encouraging, if predictable, noises about the resilience of Suter's position. Abell tests the limits of credulity, however, by maintaining stoutly that Suter will match or beat the significant contribution from corporate activities and associated companies. In a way, it doesn't matter too much since few 1989 forecasts will take this at face value (although the net interest contribution will be welcome), and most analysts expect earnings growth to fall well short of the 25 per cent target. The shares are undervalued nevertheless. Assuming pre-tax profits of £43m to £44m, and a marginally higher tax charge, the prospective p/e is only 8. A further 20 per cent rise in dividend is on the cards, to give a prospective yield of 5.8 per cent. The price already discounts any eventual fall-out from the twin clouds of a DTI investigation into certain Suter-related share dealings and Abell's own pending TV libel action.

Bell South in Air Call buy

BELL SOUTH, one of the US "Baby Bell" telecommunications companies, has paid £19.6m for the 60 per cent it does not already own of Air Call Communications, the loss-making UK mobile communications group, writes Hugo Dixon. The seller is Air Call Holdings, a private company traded under the Stock Exchange'a rule 535.

Mr Nicholas Stanley, managing director of Air Call Holdings, said he had decided to sell because it was difficult to finance the subsidiary as a private company.

Gold Fields not to rush out defence document

By Kenneth Gooding, Mining Correspondent

CONSOLIDATED Gold Fields, the diversified mining group, apparently feels under no substantial pressure to rush out its full defence document, following the posting to its shareholders at the weekend of the formal offer from Minorco, the South African-controlled investment company.

The UK group has 14 days to issue its full defence and seems unlikely to put all its cards on the table at one time. Gold Fields has said it will give shareholders all the information they need to judge the value of its assets and its performance but has not promised to do so in the first document.

There has been almost universal agreement among City analysts that Minorco is not offering enough and will come back with a higher offer once Gold Fields has given a clearer indication of the value of its assets.

Gold Fields will send its shareholders within the next day or two a letter responding to the formal offer and recommending they do not accept.

Shares in Gold Fields slipped 4½p to £14.43 ex-dividend yesterday. With the Minorco price down 6p at 757p last night the bid is worth just over £14 for each Gold Fields' share and values the group at £3.2bn.

Sedgwick starts restructuring as year's profit falls by 23%

By Nick Bunker

SEDGWICK GROUP, largest insurance broker in Europe, produced fresh evidence yesterday of the recession in the industry with the announcement of a 23 per cent drop, from £101.09m to £77.9m, in annual pre-tax profits.

Sedgwick stressed the efforts it is making to reposition itself at a time when, like major US-based rivals Marsh & McLennan and Alexander and Alexander, it faces the worst trading environment this decade.

It said it is making its subsidiaries Sedgwick Ltd and Fred S. James co-ordinate more closely. "We are giving more signals that we are bringing the business together," said Mr David Rowland, chief executive, who takes over as chairman from Mr Carel Mosselmans in April.

Mr Rowland was asked about the intentions of Sedgwick's 39 per cent shareholder Transamerica, the San Francisco-based holding company, which will be free to sell out or bid for Sedgwick six months after a standstill agreement expires on August 30.

He said Transamerica were "excellent partners. If you asked them I am sure they would say they have no present intention of dealing in the shares."

Sedgwick is grappling with the impact on its commission income of the fall in insurance rates that started in the US market in early 1987, and has also hit the marine and aviation markets.

This has been compounded by the weakness of the US dollar, the currency for 64 per cent of its business. In underlying terms, in the 12 months to December 30 broking income fell four percent to £206m at Sedgwick Ltd, and one per cent to £254m at James, one of the largest US retail brokers. Worst hit was the group's reinsurance broker, E.W. Payne, where income dropped 19 per cent to £68m.

To help integrate its operations, Sedgwick said a task force led by Mr Dick Page, chairman of James, will bring together worldwide retail broking under a common name, Sedgwick James.

Sedgwick also plans to sell some offices, to redeploy resources for its business. Its assets include its headquarters complex in Whitechapel. A revaluation of its properties to market value has boosted net assets by £85m, helping lift shareholders' funds to £245m.

Sedgwick said it has also improved cash-flow management and credit controls, which helped raise investment income four per cent to £54m. At constant exchange rates, expenses were "just below 1987 levels", Sedgwick said, after a 4.7 per cent fall in headcount.

After profits attributable to shareholders of £51.76m, Sedgwick also showed an extraordinary profit of £822,000, reflecting gains from a property disposal offset by £10.9m of restructuring costs including redundancies.

Earnings per share fell 25 per cent to 12.1p but the group is maintaining its dividend at 12p with a final of 8p.

See Lex

Wates City soars to £30.23m

By Paul Cheeseright, Property Correspondent

WATES CITY of London Properties, the only listed property company with all of its assets in the City of London, yesterday announced a 31 per cent increase in net asset value per share from 202.1p to 264.8p for 1988.

Pre-tax profits of £30.23m for the year to December 31, against £10.81m in 1987, included £20.2m from the sale of 56, Moorgate, a development property, to a West German bank. Earnings per share on equity capital reduced by the company's purchase and cancellation of its own stock, were 16.81p (5.17p).

It is proposed that shareholders will receive a final dividend of 2.31p a share, making a total of 3.08p for the year. Payments in 1987 were 2.8p a share.

The market received the figures coolly. Trading in any case was flat through the property sector and the Wates shares slipped 2½p down to 184p, at a substantial discount to the net asset value.

The factors behind the increase in net assets were the continuing strength of the central City office market, which has come through in rent reviews, the enlargement of the Wates portfolio, and the fact that total assets are split between fewer shares in issue.

During 1988, Wates bought in 9m of its own shares at an average price of 173p. Although the possibility of further purchases is not ruled out, Wates is not currently in the market.

Higher rents helped to contribute to the increase in net rental income, the staple of Wates' earnings. This moved to £11.66m (£8.88m) during 1988.

Despite property purchases during the year, the sale of 56, Moorgate helped to reduce gearing, which is now at a level of 14 per cent.

● COMMENT

Wates' shares have been savaged since the 1987 market crash. Its narrow geographical base makes it prey to any of the City's dismal whims. So, given that there are increasing worries about the amount of office space becoming available, it was unlikely that there would be any cheering about a 31 per cent NAV rise, although this keeps Wates well in line with other property investment and development companies. Wates argues that there is no development in the City core – where most of its assets are – and that therefore the market should remain strong. This is true, but what worries investors is that occupiers might depart the core if price attractions outside became overwhelming. This year there is not much new coming on stream in the Wates portfolio, so its NAV rise will most likely be more modest than in 1988 – probably to around 285p a share, which puts the present market price at a discount of more than 35 per cent.

Johnson Matthey £9m settlement

By Clare Pearson

Johnson Matthey, the precious metals and materials technology group, yesterday said long-running legal actions relating to an insurance claim for fire damage incurred in 1984 had been settled out of court for the sum of £9m.

The settlement covers all outstanding claims relating to a fire at Matthey Rustenburg Refiners (UK) at Royston, Hertfordshire, as well as other claims by Johnson Matthey companies in the UK and US.

Bowater disputes bid value

By Philip Coggan

Bowater Industries, the UK packaging and industrial products group, clashed with Evode, the plastics and chemicals company yesterday, over the value of their rival bids for Chamberlain Phipps.

Bowater said that its 220p per share cash offer should best be compared with the 189p price at which Chamberlain Phipps' shares were trading after the Evode bid but before the Bowater offer.

However, Evode said that based on current share price trading, its offer is worth around 203.8p per share.

Evode also points to the fact that capital gaints tax liability might reduce the effective value of Bowater's cash offer to 157.8p for some shareholders.

There is, however, a loan note alternative to Bowater's cash offer.

Bowater also said it was looking forward to meeting the Chamberlain board as soon as possible.

House Property rescue

By Philip Coggan

A COMPANY specialising in golf course development is reversing into House Property Company of London, the fully-listed shell company chaired by Australian entrepreneur Mr Robert Baldock.

Mr Baldock said that the move was needed to rescue House Property from potential liquidation. Final results for the year to December 31 1988 show a loss of £1.67m after a loss of £472,000 the previous year.

House Property is acquiring golf course specialist International Resort Holdings - the largest company - Fiman Properties and Flagreach for £10.54m, to be satisfied by the issue of 12.11m shares.

The effect of the acquisition will be that the vendors will own or control 93.5 per cent of the equity; the Takeover Panel has waived the requirement for a mandatory bid.

Following the purchase, the group intends to change its name to the Property Company of London and to move to the USM.

All-round profits growth helps UTC jump 92%

By John Thornhill

UTC Group, the stockbroking and corporate finance group, lifted pre-tax profits by 92 per cent in the year to December 31 in spite of a 9 per cent fall in turnover.

Pre-tax profits reached £5.79m (£3.02m) on turnover of £15.97m (£17.48m). Earnings per share rose to 23.3p (15.8p) and a final dividend of 6p (5p) was recommended, making a total of 10p (8p).

Mr Geoffrey Simmonds, managing director, said that all divisions had contributed to the results but, in particular, stockbroking, corporate finance and investment banking had performed well.

The stockbroking division, which last year incurred a loss of £637,000, contributed £20,000 to profits. This reversal was attributed to management changes at the beginning of the year.

Hirshfields, a surveyor which was bought during the year, exceeded its £500,000 warranted profit by a long way and would perform even better in the current year, Mr Simmonds said.

At the year end, shareholders' funds exceeded £15m and the cash balance stood at more than £12m.

UTC said it viewed the future with confidence.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Allied Rest'mts	int	0.55†§	-	0.5	-	1.5
Appleyard	fin	11†	Apr 14	8.5	16.5	12
Armitage Bros	int	2.2	May 12	2	-	4.5
BG Shin Nippon	fin	nil	-	0.1	-	0.1
BPP	fin	5†	Apr 28	4	8.4	8.6
Cooper (Alan)	fin	4.7	Apr 24	3.25	6.8	4.75
Manganese Bronze	int	3	Apr 8	2.25	-	8
Porvair §	fin	1.8	Apr 14	-	1.8	-
Scholes	int	2.6†	May 10	2.2	-	6.8
Sedgwick	fin	8	Apr 28	8	12	12
Serco Group	fin	5	Apr 20	-	5	-
Suter	fin	5	Jun 19	3.5	7	5
UTC Group §	fin	6	-	5	10	8
Wates City	fin	2.31	May 8	2.03	3.08	2.8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Chambers & Fargus, Cornwell Parker, Goodwin, Greenwich Comms, Highpoint, Int Media Comms, Murray Income Tst.

Finals- AMS Inds, Chieftain, Cityvision, Conroy Petroleum & Natural Resources, Cresta, EFT, First Scottish American Tst, McAlpine (Alfred), Pacific Assets Tst, Pickwick, Rue Estates, STC, Stat-Plus, Templeton Galbraith & Hansberger, Unilever, Unilever NV.

FUTURE DATES

Interims-

Barry Wehmiller Intl	Mar. 29
Coronation Syndicate	Mar 16
Microfilm Reprographics	Mar. 3
Randsworth Tst	Mar. 8
Tweedtomain United Cots	Mar. 16

Finals-

Ansbacher (Henry)	Mar. 1
Ayrshire Metal Products	Mar. 16
Brent Chemicals Intl	Mar. 20
Canning (W)	Mar. 7
Consolidated Venture Tst	Mar. 1
Holders Technology	Mar. 22
Jourdan Thomas	Mar. 7
Watmoughs	Mar. 8

UK COMPANY NEWS

Ocean Transport pulls the plug on shipping

By David Waller

OCEAN TRANSPORT & Trading, an international distribution services group, is set to cut its historical ties with the shipping business once and for all by selling its West African liner shipping interests and its remaining ships.

OTT, in which Sir Ron Brierley has a 27.5 per cent stake, is to sell the goodwill and assets of Elder Dempster Lines, Palm Line and Guinea Gulf line to a UK subsidiary of Delmas-Vieljeux, a private French shipping group.

In a separate transaction, two ships, the Apapa Palm and the Melampus, have been sold to the Compagnie Maritime de Belge and according to Mr Nicholas Barber, chief executive of OTT, the sale of the two remaining ships, the Memnon and the Menelaeus, is to be expected within months.

This will end over a century's involvement in shipping and leave the group free to concentrate on freight management and environmental services.

Few financial details were disclosed yesterday. The two ships have been sold for around $10m each – a £750,000 discount to the book value of each. The two remaining ships should fetch a similar price.

The value of the liner interests, independent of the ships, is less than 1 per cent of OTT's total assets. It is thought that once the disposal of the two ships has been completed, OTT will suffer an overall loss of £3m on transactions, to be treated as an extraordinary item in the next set of accounts. Completion of the sale to the French company is expected in the second half of March.

The latest deals follow OTT's withdrawal from the Barber Blue Sea cargo joint service venture in December last year, which led to a £26m write-off.

In its last financial year, OTT made a total pre-tax profit of £41.2m; in the first half of 1988, shipping lost £100,000 on turnover of £20.1m. Capital employed in this business was some £50m.

Elder Dempster, Palm and Guinea Gulf operate as members of the UK-West Africa Lines shipping conference (UKWAL).

P&P/Computers

The £11.5m offer launched by P&P, computer distributor, for Personal Computers was yesterday declared unconditional. By February 24, valid acceptances had been received in respect of 71.36 per cent of the issued share capital.

Alan Cooper profits up 45%

By Vanessa Houlder

ALAN COOPER Holdings, the designer and manufacturer of office furniture, yesterday announced a 43 per cent rise in pre-tax profits from £1.9m to £2.73m for 1988.

Turnover rose by 25 per cent to £10.41m.

The company said that prospects for this year were encouraging with strong demand for all its products with the order book 25 per cent ahead.

Capital spending on factory automation and on new products totalled £680,000. The group cash balance was £2.98m.

Earnings per share increased by 41 per cent to 16.97p (12.03p).

A final dividend of 4.7p per share was proposed, giving a total of 6.8p (4.75p) for the year – an increase of 43 per cent.

The Altham screens and seating operation is being moved to a new factory, which will produce a new range of high technology systems furniture.

The company said it believed there was good scope for increasing its 3 per cent market share of the office furniture market by targeting growth sectors.

These included colour laminated office furniture, which was proving popular with corporations changing their desks to their company colour.

Shares in the company were unchanged at 205p.

Serco moves ahead to £3.71m

IN ITS first set of results since joining the main market in May of last year, Serco Group, the facilities and project management company, reported an 18 per cent rise in pre-tax profits to £3.71m for the year to December 31 1988.

Turnover totalled £47.09m and, after tax of £1.54m, earnings per 2p share came out at 27 basic and 25.1p fully diluted. As forecast, the directors propose to pay a final dividend of 5p per share.

Stated on a pro-forma basis, in 1987 the company reported pre-tax profits of £3.14m from turnover of £39.28m.

Dr George Gray, chairman, said the group had made excellent progress in both established and new markets and had started the current year with a substantially increased volume of contracted income.

Prospects of securing additional contracts from established and new customers were good, he said.

Benson profits slip to £516,000

BENSON GROUP, the heater, tow bar and vehicle maker, saw pre-tax profits slip from £559,000 to £516,000 in the six months to November 30. This was largely due to a £100,000 increase to £107,000 in payable interest. Trading profit was up from £507,000 to £610,000.

Turnover advanced 84 per cent to £7.99m (£4.33m) and after tax of £66,000 (£186,000), earnings per 10p share rose to 2.01p (1.73p). There is no interim dividend.

The group said that, despite the increase to trading profits on substantially higher sales, the overall results had been disappointing. It was unlikely that lost sales would be recovered. The adverse factors affecting the first half were also likely to affect the second.

Porvair at £1.35m for year with 26% rise

By Vanessa Houlder

PORVAIR, manufacturer of microporous plastic materials, announced a 26 per cent rise in pre-tax profits, from £1.07m to £1.35m, for the year ended November 30.

The results, which are the first preliminaries since the company joined the USM last May, were attained on turnover of £12.1m (£10.97m) - an increase of 10.5 per cent.

Porvair said it expected healthy growth from its Permair product, used for laminating leathers, and from Porelle, used for breathable waterproof materials, after attempts to increase their customer base.

It had an active research programme in healthcare, filtration, consumer products and moulded rigid microporous products and expected to introduce about one new product every year, it said. The research budget accounts for about 5 per cent of turnover.

New products expected soon include waterproof breathable socks and Vyon, a moulded rigid microporous product.

Earnings per share decreased to 13.3p (13.5p), following a capital reorganisation at the time of the flotation.

A dividend of 1.8p per share is recommended. If a full year had elapsed since flotation, an interim dividend of 0.9p would have been paid, making a total of 2.7p.

Armitage Bros advances 82% to £459,000

Armitage Bros, manufacturer and distributor of pet products, reported a sharp recovery in the 28 weeks to December 10 1988 with interim pre-tax profits up 82 per cent to £459,000.

Most of the company's profit is earned in the first half but Armitage said the higher sales level and growth in non-seasonal business should ensure that a profit is earned in the second half compared with last time's loss.

Sales in the first half were £9.65m (£9.23m); tax took £166,000 (£89,000), leaving earnings of 7.3p (4.1p) per 10p ordinary. The interim dividend is raised from 2p to 2.2p. Last September the company acquired Algarde for £677,000.

WPP in £20m deal for Canadian public research consultant

By Nikki Tait

WPP, the marketing services and advertising agency group which will announce full-year results tomorrow, has revealed the acquisition of Public Affairs Resource Group, the Canadian public affairs consulting and public opinion research company, for up to C$43m (£20m).

PARG has three businesses in Canada and a further subsidiary in Washington DC. The Canadian interests take in Public Affairs International, which specialises in issue management, Decalma Research, public research, and Public Affairs Communications Management, public relations.

The Washington-based subsidiary is Government Research Corporation.

WPP, which just under two years ago took over the large New York-based advertising and public relations group, JWT, says that it will combine the Canadian operations with its Hill & Knowlton PR business there. GRC will fit in with the Washington office of Hill & Knowlton.

Revenues at PARG are estimated at C$23m in the year to end-August, and WPP says that, combined with the Hill & Knowlton business, this will make it the largest PR operation in Canada. Adjusted pre-tax profits in the year to end-August were $2.3m, and post tax $1.2m.

Initial payment for PARG is $12m cash. Further stage payments based on after-tax profits of the Canadian operations of PARG and Hill & Knowlton for the years ending 1989, 1990 and 1991, will be made in cash and shares. There will be a final payment, also in cash and shares, based on a 10 times multiple of average after-tax profits for the three years to end-1993. However, the total consideration cannot exceed C$43m.

CRH acquires two Dutch companies for £3.55m

By David Waller

CRH, the international building materials group which is one of Ireland's biggest companies, has taken further steps to boost its business in continental Europe with the acquisition of two Dutch companies for Fl12.8m (£3.55m).

The two companies are Facade Beek, a manufacturer of simulated handform bricks located in the South of the Netherlands close to the West German border, and Flevobeton, a manufacturer of pre-cast concrete flooring systems. Combined trading profits for the two companies for 1988 amounted to Fl3m on sales of Fl31.8m.

Mr Harry Sheridan, finance director, said that the purchase of Flevobeton, following a small acquisition in July last year, gave CRH a "fairly significant" presence in the Dutch concrete market, with turnover of Fl100m a year. Facade would complement the CRH's clay-brick activities.

Meanwhile, the development of CRH's 20-acre Imperial Business Estate at Gravesend is continuing apace. The asphalt operation has been transferred to Northfleet, as will the Gravesend readymix concrete activity. What is left of the tile operation after a fire last year is being sold to Marley Roof Tile Company.

BPP Holdings improves to £1.7m at year end

ALL OPERATIONS of BPP Holdings performed well in 1988, and resulted in substantial higher turnover and profit. Shareholders benefit with their dividend up from 6.6p to 8.4p.

The group, engaged in financial training, publishing and private education, lifted turnover from £6m to £10.2m and pre-tax profit from £1.06m to £1.7m. Earnings were up to 21.6p (17.3p) and the final dividend is 5p.

Mr Richard Price, chairman, said the group was excellently placed in an increasingly important business sector.

COMPANY NEWS IN BRIEF

ALLIED RESTAURANTS has sold The Mariner, an entertainment complex in Poole, Dorset, to an undisclosed company for £3.13m cash.

BAILLIE GIFFORD Shin Nippon (investment trust specialising in smaller Japanese companies): Net asset value at January 31 was 112.9p (100.3p). Gross investment income for year to that date £161,998 (£238,129), deficit before tax £69,083 (revenne £26.550). Losses per 10p share 0.53p (earnings 0.1p). No dividend (0.1p).

ECONOMIC FORESTRY is to sell its Edinburgh office at 27, Rutland Square for £730,000. It will, however, maintain a presence in the Scottish capital.

ERF HOLDINGS rights issue of 1.92m new ordinary has been taken up in respect of 1.72m shares (89.32 per cent).

HPC: The offer from Sidlaw Group has been accepted in respect of 84.3 per cent and has been declared unconditional. The offer is extended to March 7.

ISOTRON is acquiring the freehold site on which its Reading plant operates for £880,500. Previously it held a 21-year lease, which was due to expire in September 1991.

MARSHALLS HALIFAX, the concrete products and brick company, has changed its name to Marshalls.

MTM, speciality chemicals manufactnrer, announced details of £5.5m share issue to fund purchase of JD Campbell & Sons, agrochemical prodncer. It is issuing 3,283,588 shares at 167½p, of which 2.05m have been placed with institutions, 712,538 will be acquired by a company in which Mr Richard Lines, MTM chairman, has a beneficial controlling interest and 519,407 will be retained by the vendors.

NEW LONDON Oil has placed 1.25m new ordinary to raise £225,000 cash to acquire 262,000 shares in Kencope Energy, its 76 per cent held US subsidiary for $1.5 per share. This will increase New London's stake to 78.5 per cent.

PRUDENTIAL CORPORATION has acquired David Butler, through Prudential Property Services, for an undisclosed consideration, partly in cash and partly in shares.

RENTOKIL GROUP has acquired Maintained Interior Planting of Edinburgh for an undisclosed sum.

RIGHTS AND Issues Investment Trust has invested £250,000 in Worthmoor, a company formed to purchase the assets of Bildapowa, a hirer of tools and small plant in Wales. It is the intention to float the company on the USM in three to five years.

SAUR WATER: At February 23 it spoke for £21.51m (99.1 per cent) of Mid Southern Water stock; £318,476 (63.7 per cent) of the issued voting stock of Eastbourne Water; £809,559 (62.7 per cent) of Mid-Sussex Water rights; and £141,745 (57.5 per cent) of West Kent Water. The final offers will close on March 10.

SCOTT & ROBERTSON has bought Otford Plastics for £1.59m cash.

SECURIGUARD is to acquire CTS Courier, provider of courier services, for an initial consideration of £201,817 in cash and shares. In addition, the vendors will receive an amount equal to 50 per cent of the value of the net assets at completion (subject to a maximum payment of £16,000).

SENIOR ENGINEERING Group has purchased Guthrie Adams (Heat Treatment) for £200,000 cash and £500,000 in 10 per cent medium term loan notes.

SIDLAW GROUP: its recommended offer for HPC Group has heen declared wholly unconditional. At February 23 valid acceptances had been received in respect of 6.11m (91.8 per cent).

THOMSON T-LINE: valid acceptances of the offer by Ladbroke total 155.65m ordinary shares (91.5 per cent) and 28.41m preference (94.7 per cent). The balance is to be acquired compulsorily.

TIP EUROPE acquisition of CSL Corporation is not being referred to the Monopolies Commission.

TRIMOCO has acquired Smith and Gardner, Liverpool-based Peugeot dealership, for £810,000 cash, which includes properties valued at £670,000. The company had losses of £65,000 in the year to October 31 1988.

UNILOCK HOLDINGS has acquired Landseer Joinery for £82,000 cash.

VICTOR PRODUCTS: The offer for the preference capital has been accepted by holders of 610,683 shares (79.9 per cent). The conditions have been declared wholly unconditional and remain open.

UNITED PLANTATIONS Africa: pre-tax profit R1.65m (£379,000), as against R726,000, for the year ended December 31 1988. Turnover R22.68m (R18.68m). Earnings per share 7.3 cents (3.9 cents); final dividend 5 cents (3.75 cents).

WEST HAMPSHIRE Water: Biwater has control of 36.51 per cent of the voting stock.

WIGGINS GROUP has appointed Panmure Gordon as its stockbroker.

WILTON GROUP has conditionally agreed to buy a property at Long Hanborough, Oxfordshire from Dawnglen Finance, a company under the control of Mr M.A.C.Buckley, chairman of Wilton. Initial consideration is £275,500 in shares, with additional payment up to £600,000 to be made once outline planning permission has been obtained on part of the site.

SHARE STAKES

Changes made recently in company share stakes included:

Grampian Television – Mr Nicholas Berry, and Stancroft Trust, a company he controls, has increased interest in non-voting A shares to 682,000 (5.22 per cent).

Hall Engineering – Prudential Corporation owns 868,949 shares (6.03 per cent).

Hanover Druce – The following are changes in directors' holdings: SA Goldstein sold 25,000 shares reducing interest to 368,035 (5.98 per cent); SA Parries bought 28,701 and lifted holding to 563,701 (9.16 per cent); AR Shaw acquired 28,701 and holds 586,201 (9.52 per cent).

Havelock Europa – Scottish Amicable Investment Managers holds nearly 1.4m shares (8.7 per cent).

How Group – How Group Trust increased holding to 5.66 per cent.

Knobs & Knockers – Scottish Amicable Investment Managers has 489,600 ordinary under its control (5.58 per cent).

London Cremation – Cremation Society of Great Britain has acquired 1,445 10 per cent preference shares, increasing holding to 51,399 (31.69 per cent).

Macro 4 – Scottish Amicable Investment Managers has acquired 210,000 shares and hold 1.69m (7.68 per cent).

Magnet – Robert Fleming Asset Management bought 250,000 shares bringing holding to 10.91m (5.96 per cent).

Finlay (James) – John Swire & Sons has bought 240,000 ordinary, taking its holding to 28.97m (29.96 per cent of the voting rights). Also Hill Samuel Investment Management holds 1.47m shares (6.2 per cent).

Five Oaks Investments – Govett Strategic Investment Trust bought 100,000 ordinary and holds 9.94m (21.1 per cent).

Foster (John) – General Investment Australia has increased its interest to 1.91m ordinary (17.1 per cent).

Nash Industries – DC Newton, director, bought 20,000 shares at 140p; beneficial holding now 1.62m (19.08 per cent).

New Throgmorton Trust (1983) – London and Manchester Group has bought 160,000 capital shares, giving it 1.5m (7.49 per cent).

Ocean Wilsons (Holdings) – South American Finance and Investment has acquired 1.96m ordinary and now holds 7.49m (18.85 per cent), registered in the name of Plaza (Nominees) Establishment.

Osprey Communications – Hill Samuel Smaller Companies Trust acquired 3,883 shares and total holding 478,613 (6.4 per cent).

Prestwick Holdings – T E Miller and family have sold 25,000 ordinary and now have 1.65m (8.21 per cent).

Prism Leisure – G H Akins has purchased 60,000 shares bringing holding to 495,000 (12.678 per cent).

Prospective Gronp – Mr Crompton, managing director of Golden Keys, a subsidiary, has sold the 3.07m (9.03 per cent), which were issued to him in consideration for the acquisition of Golden Keys.

Radiant Metal Finishing – Selective Investments holds 301,000 ordinary (22.13 per cent).

Sanderson Murray and Elder – Selective Investments lifted stake to 13.68 per cent (11.97 per cent previously).

Scottish Ice Rink – Jacqueline, wife of Reginald Brealey, has sold 325,000 shares at 50p each. Holding now 687,500 shares (10.18 per cent).

Scottish National Trust – Interest of Equity and Law Life Assurance in capital shares has fallen below 5 per cent.

Stormgard – Henderson Administration Group holds 35.65m shares (17.07 per cent).

UK COMPANY NEWS

Astra Trust makes £14m unwelcome bid for Splash

By David Waller

ASTRA TRUST, the engineering, property and financial services group, yesterday ended speculation over its intentions towards Splash Products by making a hostile £14m bid for the T-shirt printer and merchandiser of cartoon characters such as Garfield and Roger Rabbit.

The bid is pitched on the basis of six new Astra shares for every one Splash share, with no cash alternative. With Astra's shares up yesterday from 12¼p to 13½p, the offer is worth 81p per Splash share, compared to a closing price of 75p, up 4p.

It was imediately rejected by Splash. The USM-quoted company doubled its size las summer with the £4.5m acquisition of Cerex Jewels, said that the offer was unwelcome and wholly inadequate.

Astra, in terms of market capitalisation a company broadly the same size as its target, is run by the ambitious 29-year-old Mr Theo Paphitis. It first emerged as a potential suitor for Splash in late January this year when it bought an option to acquire 14.9 per cent of Splash – and, according to Splash, made an informal share offer worth 65p a share, although this was later denied by Mr Paphitis.

In addition to tha option, Astra has received irrevocable undertakings to accept the offer from shareholders with 9.9 per cent of the equity.

Mr Paphitis went on the offensive yesterday, arguing that the target company's core businesses were in decline and that its acquisition strategy was ill thought out.

Furthermore, he claimed that the issue of shares to finance tha acquisition of Cerex would rednce Splash's earnings per share from 6.43p as reported in 1988 to 4.2p, despite a 10 per cent increase in pre-tax profits to £937,000.

Splash said these figures were nonsense, pointing to a circular from CIBC Securities, its own broker, which forecast pre-tax profits of £2.25m for 1989 and earnings of 8.53p.

Astra buttressed its offer with a forecast that it will make pre-tax profits of not less than £950,000 to 1989, compared to losses of £2.35m in the year to April 30 1987. Mr Paphitis joined in March 1987, and has concentrated the group's activities on two areas: engineering and financial services.

Astra's aim is to hold a capital reconstruction at the same time as the bid. The historic deficit on the profit and loss account would be eliminated, partly by the cancellation of the share premium account, thus allowing the group to pay dividends. Every six Astra shares of 5p will be consolidated into one new 30p share, and the company's name will be changed to AT Trust.

Astra intends to send out its offer document today.

Scholes tipped for buy-out

By Clare Pearson

UNCERTAINTY ABOUT the future of Scholes Group, the electrical products manufacturer, deepened yesterday when the company added the possibility of a management buy-out to the third party offer discussions it originally announced last November.

Scholes Group's statement came as it annonnced pre-tax profits 17 per cent higher at £3.86m (£3.30m) in the half-year to end-December on turnover up from £17.03m to £22.31m.

Analysts expressed surprise at the mention of a possible buy-out. Until now the bid discussions have been viewed solely as involving outside parties, and it has been thought Scholes could prove attractive to a wide range of purchasers. Hanson, the international conglomerate, and Asea Brown Boveri, the Swiss-Swedish electrical engineering group, have both been tipped as possible bidders.

Mr Reg Harrington, Scholes'chairman, said he was unable to provide further information at the moment but he expected to be able to clarify the position within four weeks.

The interim profit figure was slightly below City expectations but analysts were reassured by an enthusiastic statement about current trading by Mr Harrington, He said trading levels in all areas of the group were buoyant and a new circuit breaker had achieved excellent market acceptance.

There was no profits breakdown but Wylex, the core fusebox and domestic switchgear company, was said to have been held back by the development costs of a new "plug-in" product. The metal enclosures division, consisting of Appleby, acquired in March last year, and Metron, bought last August, performed "exceptionally well."

Income from related companies stood at £102,000 (£42,000). Interest payable stood at *£284,000 (nil), reflecting* the issue of loan notes in part consideration for Appelby. Earnings per share rose 11 per cent to 7.3p (6.6p) and the interim dividend is set at 2.6p (2.2p).

● **COMMENT**

These results showed Scholes Group on course to match pre-tax profits forecasts of around £9m for the year to end-June, but who will own the company by then is still anybody's guess. Speculation is currently running riot. Could the discussions with the third party companies, who were not thought in short supply, have foundered? What might the management know about prospects that makes them prepared to consider a buy-out at current share price levels? And why does Mr Harrington sound so certain all will be made clear within a month? Whatever happens the Scholes family with 22 per cent of the equity will play a key decision-making role. Meanwhile the shares *stand on an inflated prospective* p/e multiple of about 15.

Manganese static at £2.3m

By Nikki Tait

MANGANESE BRONZE, the taxicab and metal products manufacturer, yesterday announced pre-tax profits virtually static at £2.3m in the six months to end-January. In the same period a year earlier the figure was £2.35m.

However, the figure is scored after exceptional costs of £420,000 (nil), reflecting the development and launch costs of the new Fairway range of taxis. A further £420,000 will be written off in the current half year. Turnover in the period rose from £27.5m to £30.7m.

At the earnings per share level, after a 35 per cent tax charge the figure is 9.06p (9p). But the interim dividend rises sharply, from 2.25p to 3p.

Yesterday, Manganese said the new taxi range had been launched on time at the end of January and that its order book was now standing at about £15m, compared with £10m at the same time last year. This has enabled the company to increase production to 60 a week – perhaps up by one-fifth on the levels at year ago.

However, it also adds that – exceptional costs aside – there was inevitable disruption in the vehicles division during the first half, reducing its contribution.

The powder metals division had "a reasonable six months", and achieved "modest" sales and profit increases. It says its bronze bearings have upped market share although metal powders have seen a weaker market than last year.

The foundries business, on the other hand, had a strong six months.

● **COMMENT**

Manganese's figures generated little excitement yesterday, with the shares dipping 3p to 258p. The benefits of the new cab range have yet to show up in the figures, and when they do, Manganese suggests that the advantage will come principally in turnover terms, with margins on the new range just slightly better. While the company makes encouraging noises on this front, the fact remains that the outlook remains a little unclear until the fate of its main competitor – the Laird group's Metrocab, which is part of the wider Metro-Cammell auction – is sealed. Elsewhere, analysts seem to have been slightly disappointed by the powder metals division's performance, but correspondingly pleased by the order recovery at Dean Power Doors. The big question mark, of course, is CH Industrial's intentions over its 22 per cent stake. The bears point to the problems of hostile action given some strong family holdings, and some question CHI's present resources. If forecasts of £6m for the full year are broadly correct, there may be about 30p of bid premium in the current price – which, overall, is probably a fair reflection of the short-term possibilities.

Purchases help Appleyard to £9m

By John Thornhill

APPLEYARD GROUP, the motor distributor, yesterday announced a 68 per cent increase in pre-tax profits to £9.96m for 1988, compared with £5.39m.

This was achieved on a turnover up 51 per cent from £217.16m to £327.18m. Earnings per share rose 29 per cent from 43.3p to 56p and a final dividend of 11p was recommended, making a total of 16.5p (12p).

Mr Michael Williamson, chairman and chief executive, said thet the company was planning to divide its 25p shares into 10p shares. "The current price of about 445p per share is too heavy for the private investor."

Acquisitions during the year helped growth. In August, Appleyard acquired two motor dealerships in the north east of England, Minories and Shoreline. These have already shown a marked improvement in profitability.

Mr Williamson said this was part of Appleyard's strategy of becoming a national distributor with a wide spread of franchises. It now has 45 franchises representing 12 manufacturers.

Tha company is investing £7m to redeveloping some of its sites to include broader retail services such as convenience stores, off-licences and car washes, and is spending £6.5m on developing four greenfield sites.

During 1989 the company will also expand its Fast Fix car servicing outlets.

Since the end of the financial year, Appleyard has agreed to sell its fuel service business to Shell for £880,000. The proceeds will be spent on acquiring other dealerships and agreement has already been reached in principle for the purchase of a Carlisle Volvo dealership for £480,000.

● **COMMENT**

Appleyard has picked up a lot of speed since its serious problems in the early 1980s and is now cruising along happily. Stringent management, sound acquisitions and aggressive retailing have proved a good formula for growth. Next year, the company's acceleration to earnings will be checked by an increase in the tax charge from 24 per cent to 35 per cent. Nevertheless, assuming pre-tax profits of about £12m, the prospective p/e ratio of about 7 still looks well in line with the sector. Gearing in December stood at 37 per cent and may increase during the year with further acquisitions, but interest cover of eight times dispels most worries on this score. Appleyard's share price is unlikely to do anything spectacular but should more than hold its own, even if there is a fall in car sales.

Resort Hotels bids £4.8m for spin-off company

By Vanessa Houlder

USM-QUOTED Resort Hotels yesterday announced a £4.8m recommended bid for Coastal Resort Hotels, an associated hotel group funded under the Business Expansion Scheme.

If the offer is accepted, it will result to Coastal's BES investors losing tax relief, since the five year BES tax shelter period has not yet elapsed for Coastal Resort Hotels. A top rate tax payer would have to pay back 75p of tax for every £1.25 share initially acquired.

However, Mr Robert Feld, managing director, said it was unlikely that BES investors would object to the offer. Even after repaying the tax relief, investors would triple their investment. Furthermore, less than a quarter of investors in Coastal Resort Hotels had obtained tax relief under the BES, he said.

The acquisition will allow the redevelopment of one of Coastal Resort's two hotels.

Coastal Resort Hotels is one of three BES-funded hotel groups that were launched and managed by Resort Hotels. Mr Feld said that it did not plan to bid for Country Resort Hotels and County Resort Hotels.

Resort is offering 20.4 shares for each Coastal share. With Resort's share price down ½p to 19.5p, that values each Coastal share at 398p. Resort currently owns 37.7 per cent of Coastal.

Coastal made pre-tax profits of £121,000 on turnover of £950,000 in the year to April 30, at which date it had net assets of £2.86m.

Beazer completes Koppers disposals

By Philip Coggan

BEAZER, tha UK housebuilding and construction group, has made the last major disposal of businesses in Koppers, the US chemicals and aggregates company, which it bought for $1.72bn last year.

Reichhold Chemicals, a New York state based chemicals and synthetics group, is buying Koppers' polyester resin business for $78m (£44.5m) in cash. Koppers polyester resin divisiou had revenues of around $120m in 1988.

Beazer has beeu steadily selling off the chemicals and other non-core businesses of Koppers, leaving it with the aggregates businesses which were the main target of its bid.

The disposal of the polyester resin business brings the total raised from sales of Koppers businesses to $854m, almost half the amount paid for the entire company. Further disposals, mainly of property, should take the total raised over $900m.

At the time of Beazer's final results, in October, Mr Brian Beazer, the chairman, said that disposals would bring Beazer'a gearing ratio down to around one-to-one by June 30, 1989.

Whitbread increases Vaux stake

By Lisa Wood

WHITBREAD Investment Trust, which has investments in several regional brewers, has increased its stake in Vaux, the Sunderland brewer, from 4.9 per cent to 5.09 per cent.

Mr Paul Nicholson, chairman of Vaux said he saw nothing sinister in the investment. He said he did not regard it in the same light as the 8.5 per cent stake in Vaux held by Queens Moat, which had let it be known that it would be interested in a closer relationship.

Mr Dick Sowerby, of Whitbread Investment Trust, which is 49 per cent owned by Whitbread, the brewer, said he was offered a line of shares in Vaux and took them. "We thonght Vaux a very good investment," said Mr Sowerby.

The Investment Trust has holdings in about 30 breweries and over the past year has increased its investments in breweries from 93 per cent of its investment portfolio to 97 per cent.

Mr Sotherby said:"Breweries have proved to be very good long term tovestments for us."

Simon in £0.5m double French acquisition

By John Thornhill

Simon Engineering, the acquisitive equipment, services and manufacturing group, has strengthened its interests in geophysical exploration through the purchase of two French companies for FFr 5.3m (£490,000) in cash.

Horizon Exploration, a subsidiary of Simon, has bought Compagnie de Prospection Geophysique Francaise (CPGF) and its subsidiary Ceric. Both companies provide geophysical and consulting services to the civil engineering, hydrology, *environmental studies, and oil* and minerals extraction fields and operate mainly in France and West Africa.

The two companies will join Simon's geophysical services group and will help to develop its technology in the water and civil engineering fields.

Menzies buys Wynd-Up

By Philip Coggan

Prestwich Holdings, the leisure company, has sold Wynd-Up Distribution, to John Menzies, the retailer and newspaper wholesaler, for £3.27m in cash.

Wynd-Up diatrihutes records, compact discs and cassettes and made pre-tax profits of £184,000 in the 11 months to June 30 1988. Prestwich will be released from guarantees over £2.8m of Wynd-Up's borrowings.

GF Lovell shares leap 40p as investor group buys 76.6% stake

By Nikki Tait

SHARES IN GF Lovell, tha small Gwent-based confectionery manufacturer, jumped 40p to 250p yesterday on news that a three-man investor group, plus merchant bank Lazards, are huying a 76.6 per ceut stake.

The buyers include Mr Peter Woodman, the former managing director of Ibstock Johnsou, the brick and pulp manufacturer, who quit following "differences over policy" last July. Joining him is Mr Bob Taylor, a long-term associate with substantial private interests and an engineer by background.

Also tovesting is Mr Bob Morton, the former deputy chairman of Pilgrim House (now acquired by Williams Holdings) and current chairman and chief executive of Vistec and Hatfield Estates. Lazards said yesterday thet it had introduced Mr Morton to the other two. The bank's own stake is described as small, althougb initially above the disclosable level.

The investors' stake is being bought at 110.47p a share from the privately-owned farming and milk group Kirby & West, which acquired its interest in 1982 – for a total cost of around £800,000. Since theu Kirby & West has never attempted to buy up the remaining shares and the listing has been kept.

In accordance with Takeover Panel rules, the investor group is now extending its offer, at 111p, to all the outstanding shares in Lovell. It says that if anyone accepts these shares will be placed out again.

The investor group has also bought the 50,000 £1 cumulative preference shares at par from Kirby & West.

Yesterday, the new investors were remaining tight-lipped about loug-term intentions, saying only that they "intend in due course to broadeu the activities of Lovell to reflect the skills and experience of the new managemeut team." Lazards declined to say what areas were being envisaged.

In the meantime, the investors say they will manage and develop the existing interests. These made a loss of £86,000 in the year to April 1988 on sales of £3.85m. In the half year to October 1988 the loss was £36,000 ou sales of £2m.

Allied Restaurants profit advances 39% at halfway

IN THE 24 weeks ended december 31 1988 Allied Restaurants lifted its pre-tax profit by 39 per cent from £370,000 to £515,000.

This USM-quoted Wimpey franchisee and operator of leisure interests saw turnover advance 42 per cent, from £5.7m to £8.1m. Net profit came to £313,000 (£220,000), but with more shares in issue, stated earnings per share were cut to 2.46p (2.69p). The interim dividend is 0.55p (0.5p).

Plannned expansion of the leisure interests was progressing, Mr Richard Carr, chairman, reported. While that would have some impact on *the balance sheet, the actual* value of assets "far exceed" their current balance sheet value.

The Streatham MegaBowl was trading well in excess of budget and the nightclubs performed successfully. Wimpey busiuess remained steady despite the decline in high street spending, said Mr Carr; but at the moment there were no plans to expand that side.

The Tower Park multi-leisure complex, between Poole and Bournemouth, was scheduled to open in October.

Inishtech listing

James Crean received no acceptances for its offer for Inishtech Capital Fund, a venture capital company. The offer was a *technical one, under the* terms of the Takeover Code. Crean already owns 71 per cent of Inishtech's equity and wishes to retain its listing.

COMMODITIES AND AGRICULTURE

Analysts play down Soviet gold sales

By Kenneth Gooding, Mining Correspondent

SUGGESTIONS that unusually heavy sales by the Soviet Union have been an important influence in the recent steep fall in the gold bullion price are being dismissed by analysts in London and New York.

Ten days ago the gold price was at $378 a troy ounce, its lowest point for two-and-a-half years. Since then growing fears about inflation in the US have encouraged some recovery. Last night gold closed at $390.25 an ounce, $1 up from Friday.

Those who support the theory that the Soviet Union is partly responsible for driving down the gold price point to a recent sharp cut in the price premium in Zurich, a major delivery point for Soviet supplies.

However, Mr Jeffrey Nichols, managing director of the American Precious Metals Advisors consultancy organisation, points out that for several years the Soviet Union has started the year as an aggressive seller of bullion as its traders attempt to achieve quickly an important portion of their hard-currency revenue targets. After two or three months sales taper off.

Mr Nichols says: "The Russians are not likely to increase greatly their gold sales for 1989. Recent strength in oil prices, the sharp increase in bank credits now available to the Soviet Union and the reduction in its overseas military activities suggest reduced – not increased – pressure to sell gold."

Commodity bodies study French offer

THE EXECUTIVE committees of the International Sugar Organisation and the International Wheat Council meet at their London headquarters this afternoon to consider an offer of free accommodation from the French Government, writes David Blackwell.

Both organisations, which share offices in the Haymarket, face a big rent increase when the lease on the building expires at the end of this year. The French offer of five years rent-free accommodation in Paris is one of several options under consideration.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	−5,625	to 130,150
Copper	−3,775	to 81,250
Lead	−725	to 49,625
Nickel	−822	to 3,498
Zinc	+5,450	to 37,875
Tin	−170	to 2,870
Silver (oz).	−6,000	to 14,428,000

Argentine farmers beset by drought and deflation

Gary Mead examines the problems facing the world's second largest grain exporter

LAST AUGUST Argentina's farmers and Government were cock-a-hoop at international grain prices, which had shot up as a result of severe drought in the US Midwest. This year, however, Argentine farmers – the world's second largest exporters of grains – are experiencing a drought of their own, and one which shows every sign of being as drawn-out and damaging as that of their North American rivals.

In five north-western provinces, admittedly not at the centre of agricultural production, there has been little or no rainfall for eight months. And the situation is not that much better in the provinces which produce the grain that accounts for much of the country's foreign currency earnings.

As if that were not bad enough, farmers have also been squeezed by the Government's economic policies, which abolished agricultural export taxes only to re-impose indirect revenue gathering through the device of manipulating exchange rates. Drought and adverse exchange rates mean that harvest forecasts are considerably lower than predicted in July last year.

According to Mr Eduardo de Zavalia, director of economic studies for the Rural Society of Argentina, the farmers' organisation now expects a total harvest of 29.8m tonnes, down from a July 1988 projection of 38.5m tonnes.

In a report published on February 18, Mr Zavalia pinpoints the worst drought effects in the "heart of Argentine agricultural production," the south of the provinces of Cordoba and Santa Fe and the north of the province of Buenos Aires.

The crop most badly affected by drought is maize, down from a predicted 9m-tonne harvest to 5.7m tonnes. Soyabeans are also seriously affected, down from a hoped-for 11.44m tonnes to 8.4m tonnes. Sunflower seeds have shown resistance to the drought, so the predicted crop of 3.14m tonnes is close to the original projection of 3.17m tonnes. Wheat too is so far holding up relatively well, with a drop from 9.5m to 8.1m tons.

The drought, which in the province of Santiago del Estero is reported to be the worst for 60 years, has forced farmers to curtail sowing. By the middle of January this year plantings in Cordoba province were down 30 per cent down for maize and 25 per cent for sorghum, compared with last season's. Despite rain in several important zones in late January and early February – which in some cases were freak downpours that added to problems rather than alleviating them – some areas are still officially classified as being in a state of emergency, while others are in the lesser category of simply being "disaster" areas. Still other zones have endured freak hailstorms and hurricanes; at the end of January 2,000 hectares of sown cereal land was destroyed near the small town of Maria Teresa in Santa Fe province.

A further peculiarity of the current climatic problems faced by Argentine farmers is that some areas have sporadically experienced much greater rainfall than is either useful or usual, whilst neighbouring areas have seen hardly a drop. Also in the province of Santa Fe the district of de Castellanos received 120 millimetres of rain during January while 50 miles away Los Quirquinchos had only 50 mm in the same month. That freak pattern has been repeated in many other provinces, but in general the overall condition is one of anxiety for even lower harvests than now projected, unless rain appears in the next month.

Average rainfall in 1988, according to the National Meteorological Service, was 1,034.8 mm, against what it describes as a normal annual level of 1,096.8 mm. The NMS therefore does not officially regard 1988 as having been a drought year. The problem derives from the fact that 40 per cent of annual rainfall – 476.6 mm – came in March. Since then the dry spell has persisted, with the result that in the province of La Pampa 400,000 hectares have been seriously damaged by fires caused by unusual dryness. The current summer season is the dryest on record since 1871 in the province of Buenos Aires.

The knock-on effect of these conditions, which inevitably are being attributed to structural changes in world climatic conditions as a result of damage to the Brazilian rain forest and thinning of the ozone layer, are severe enough for farmers themselves but potentially grave for the Argentine economy as a whole.

Argentina, which faces serious foreign debt problems (US$60bn) and a stagflation as serious as anywhere in the world today, found relief from its balance of payments crisis last year from high international prices for grain, a result of the US drought. Official provisional estimates for 1988 show a trade surplus of $3bn, thanks to agricultural exports and higher prices.

On the basis of his July 1988 projections Mr Zavalia was forecasting that grains and related products would improve from last year's $4.25bn to $5.1bn. That along with minor improvements in other agricultural sectors, static performance from industrial exporters, and (given the current recession) a likely drop in imports of $0.5bn, would have raised Argentina's 1989 trade surplus to $4.45bn. But he has revised his calculations and now estimates that the country's 1989 trade surplus will be $2.98bn – grain export earnings being $1.5bn down at $3.5bn.

But the decline between what Mr Zavalia expected in July 1988 and what he now expects is not a matter of drought alone. Built into his statistics is an allowance for the harmful effect he and virtually every other analyst agrees was brought about by government policies, particularly the so-called Primavera (or Spring) Plan introduced in August 1988. At the time, the Government was facing hyper-inflation with August's figure reaching more than 27 per cent for the month. A weak Radical Party Government under President Raul Alfonsin now faces a presidential election on May 14, when control of inflation will be a key electoral issue.

The Primavera Plan introduced exchange rates which have had a serious effect on farmers since last August. As part of Government's effort to keep down inflation it imposed a fixed rate for exchange of the local currency – the austral – against the US dollar. Moreover it introduced three different exchange rates, forcing farmers to export using the so-called "commercial" rate, which was fixed at a level which in the succeeding months fluctuated at 25 per cent lower than other rates, including one through which industrial producers were permitted to export their products.

Argentine farmers have long regarded themselves, with considerable justice, as the country's mainstay for foreign earnings, come rain or shine. For years they had been subjected to heavy taxes by the state, which used the revenue to bolster ramshackle public sector industries. President Alfonsin removed the taxes, only to re-impose what farmers considered indirect taxes through manipulation of the exchange rates last August.

Since then the over-valuation of the austral by as much as 35 per cent has not only meant that farmers' exports have earned them much less than a free market would have. It has also meant that they have, in many cases, decided not to sow seeds when the market is so heavily weighted against them. They have, in effect, responded to the Government using their export earning success as a hidden subsidy to a fiscal deficit of as much as 10 per cent of gross domestic product by not planting as much as in previous years.

Mr Zavalia puts the cost of that exchange rate policy, plus the recent dramatic over-valuation of the austral, at 4m tonnes in lost production, which translates into $645m in lost exports.

On February 6 this year the Government introduced further exchange rate changes, once more to try and hold inflation below a monthly 10 per cent and stabilise the economy prior to May 14. It devalued the officially-fixed rate of exchange by 6 per cent for the month of February, and introduced a new rate between the official and free market, set at 25 per cent above the official. That middle, so-called "special" rate can now be used by the agricultural sector for more of its exports than before. It is a step in the right direction, but both far too little and too late for most farmers to care. The damage for this year has already been done, by Mother Nature as well as the Government.

While the farmers understand and forgive the vagaries of nature, they are not so well-disposed to a Government which has used their relative efficiency to prop up a mismanaged economy.

THE URUGUAYAN Government has restricted water and energy consumption to fight a drought that is harming cattle and crops, reports Reuter from Montevideo.

Thousands of cattle are dying of thirst and nearly 70 per cent of the crops could be lost because of the drought, which began in the middle of last year, agriculture officials said.

"We're at the countdown," said Mr Hector Paysse, president of the Rural Association. "The (cattle farming) sector is fighting against the clock. At the moment cattle are dying by the thousand. It's impossible to imagine what's happening."

"The only solution would be to slaughter 2m head of cattle, but that looks impossible," he added.

Temperatures have averaged more than 30 deg C (83 F) for the past few weeks and some areas have not had rain for nearly a year.

In Artigas, 380 miles north of Montevideo, peasants said skeletons of animals lay on pastures burnt by the sun or in dry river beds.

Rice growers said they had lost about 6,000 hectares of the crop and that another 20,000 hectares were in danger if it did not rain soon.

The government has not given loss estimates.

Time runs short for coffee agreement

By David Blackwell

PROPOSALS acceptable to both coffee consuming and producing countries on a new international agreement to support prices into the next decade are proving elusive.

The International Coffee Organisation's negotiating group delegates left London over the weekend with nothing to show for their five days of talks. They had been hoping to find a way of bridging the gap between producers, who want the existing coffee agreement renewed, and consumers, who are determined to win some major changes.

Time is running short. The current agreement expires at the end of September, leaving the April half-yearly ICO Council meeting as the last chance thrash out a deal between the two sides. Meanwhile coffee prices are falling, despite last week's cut in the ICO total world export quota.

"Negotiating group" was a misnomer, one leading consumer delegate said of last week's meeting. "It was not a negotiation as such, although it did have some value in that several papers have been put on the table to try and develop some ideas."

Nevertheless, the two sides remain a long way apart. The US, the biggest consumer, is determined to bring an end to the so-called two-tier market, under which producers sell coffee to countries outside the ICO for much lower prices than they sell to members. Last week the US reiterated that an extension of the current pact in September was not an option for the ICO.

Consumers have become irritated by the producers consistently blocking their proposals – particularly plans for a universal coffee quota which would govern all exports of coffee. At the same time the producers have no common stance of their own.

The slowness of last week's talks can be put down in part to the absence of several key decision makers. Mr Jorio Dauster, head of the Brazilian Coffee Institute, was refused permission to attend to the meeting by Mr Roberto Cardoso Alves, the country's Trade and Industry Minister – ostensibly to save money. Mr Jorge Cardenas of Colombia was also absent, as was Mr Jon Rosenbaum of the US.

The mood of the talks has further depressed the world coffee markets. Futures prices are way down from the two-year peak attained in early January, and with the season of lower roastings approaching analysts are bearish. Unless prices rally sharply, another cut in ICO export quotas is on the cards next week.

Turkish agency aims to quicken the pulse rate of its exports

Jim Bodgener outlines ambitious plans to capitalise on thriving production of grains and lentils

CULINARY WRITERS from all over the world will gather for four days in May among the fairy chimneys of Cappadocia in Anatolia to taste, write about and prepare lentil dishes. It will not be a health food festival but a promotional exercise by one of the newer players in the world grain and pulse commodity markets, Turkey's state-owned Soil Products Office (TMO).

"We want the world to know about Turkey's grains and pulses," says Mr Ahment Ozgunes, the TMO's general manager. The agency conducted two similar conferences last year, at the coastal resorts of Side and Marmaris, at the second of which it notched up $80m worth of orders.

Traditionally, however, the TMO has not had an export role. Founded in 1938, its social function since has been to support grain and pulse prices, purchase all produce brought to its door, and ensure its redistribution even to the remotest corners of the country. A measure of its success is that there has been no serious grain crisis in Turkey since the early 1970s.

Another, lesser-known function of the agency is licit poppy collection and processing in Turkey. It supplies about 30 per cent of the world's licit narcotic demand for opiates like morphine and codeine. It has a factory near Afyon which is the most modern of its kind in the world – and now a foreign pharmaceuticals partner is being sought to diversify its range of products.

Turkey has a natural advantage, in that it alone has a surplus most years in the middle of a grain deficit area – the Middle East, Iran and Iraq, North Africa and the Soviet Union. So its application for full membership of the European Community poses no threat to existing members, claims Mr Ozgunes.

The Soviet Union is an increasingly important customer, another strand in the web of growing economic links which has set the US slightly on edge. When US production decreased because of drought last year, Turkey supplied the Soviet Union with a total 400,000 tonnes of grain, 150,000 tonnes of which for the first time was kept back for domestic consumption – the remainder went mostly to North Korea. In the past, the Soviet Union has generally re-exported its Turkish grain imports to third countries like Vietnam.

Through a systematic marketing campaign, the TMO has also created Indian demand for Turkish yellow lentils – converted from green – to the extent that Indian private sector companies bought 350,000 tonnes of Turkish pulses last year – of which 117,000 tonnes were yellow lentils. Although Indian pulse output is around 15m tonnes a year that is insufficient to meet demand. The TMO hopes to make further inroads into that market.

Turkish grain production is set to expand considerably when the ambitious south-east Anatolian agricultural project comes into operation in the 1990s. Although it has been beset by poor co-ordination and crop research, if only half of its promise is fulfilled around 1.8m hectares of new cropping will push the Turkish grain surplus up to unprecedented levels.

Hitherto, the TMO's policy has been not to build storage, and to import in times of scarcity, and export the surplus otherwise. However, it needs extra storage now to grade its produce for export, and better port facilities. Inland, silos under construction will double the agency's capacity to 4m tonnes. Four new port silos are also planned, with a fifth at a planned $50m deep sea port at Derince, capable of handling 100,000 tonnes Panamax class bulk carriers. Existing facilities at Mersin will be expanded through dredging and jetty works.

For the moment, the TMO sells mainly through the established multinationals, like Cargill and Continental Grain, preferring to let them take the market risk. But there is a cadre building up within the agency of executives trained in the multinationals, speaking their language – and increasingly able to go it alone.

WORLD COMMODITIES PRICES

LONDON MARKETS

ZINC prices edged further ahead on the LME yesterday, with cash high grade closing at a record $2,035 a tonne. Traders said the market was steady for most of the day after an early dip on news that total stocks of zinc in LME warehouses rose 5,450 tonnes last week, mainly because of an influx of special high grade metal. But the fundamental situation remains tight, and talk of forthcoming shipments out of Singapore soon rallied prices. Copper prices closed at the day's low after rising in the morning on news of an unexpected fall of 3,775 tonnes in LME stocks. This attracted a wave of speculative buying and European merchant demand, but profit-taking and stale bull liquidation emerged in the afternoon after a retracement on Comex. Cocoa prices eased on market talk of a big sale by the Ivory Coast to a French trade house.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.48-4.57q	+0.22
Brent Blend	$17.30-7.40z	+0.47
W.T.I. (1 pm est)	$18.25-8.30q	+0.40
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$186-188	+1
Gas Oil	$142-144	+4
Heavy Fuel Oil	*$77-79*	*-0.5*
Naphtha	$162-164	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$390.25	+1.00
Silver (per troy oz)♣	592c	-1
Platinum (per troy oz)	$538.75	+6.00
Palladium (per troy oz)	$144.25	+0.75
Aluminium (free market)	$2235	+50
Copper (US Producer)	147⅝-50c	-⅛
Lead (US Producer)	38.5c	
Nickel (free market)	830c	-25
Tin (European free market)	£4875	+145
Tin (Kuala Lumpur market)	22.88r	+0.68
Tin (New York)	390.0c	+10.5
Zinc (US Prime Western)	89⅝c	
Cattle (live weight)†	109.29p	+1.41*
Sheep (dead weight)†	154.04p	+12.2*
Pigs (live weight)†	80.19p	+0.51*
London daily sugar (raw)	$260.5u	+3.3
London daily sugar (white)	$308.5u	+5.5
Tate and Lyle export price	£267.5	
Barley (English feed)	£115.5z	
Maize (US No. 3 yellow)	£132z	
Wheat (US Dark Northern)	£123.45v	+0.75
Rubber (spot)♥	57.0p	+0.5
Rubber (Apr) ♥	66.5p	+0.5
Rubber (May) ♥	67.0p	+0.5
Rubber (KL RSS No 1 Mar)	300.5m	-0.5
Coconut oil (Philippines)§	$530x	
Palm Oil (Malaysian)§	$410.0	+2.5
Copra (Philippines)§	$350z	
Soyabeans (US)	$190.5x	+1.5
Cotton "A" Index	63.10c	+0.55
Wooltops (64s Super)	*547p*	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Mar. v-Apr/May. u-Mar/Apr. q-Apr. x-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	847	855	854 845
May	866	874	876 861
Jul	870	875	877 869
Sep	872	874	875 868
Dec	890	891	898 891
Mar	880	883	887 880
May	880	887	887 880

Turnover:7821 (7860) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 24: 1134.80 (1117.32):10 day average for Feb 27: 1137.03 (1137.26) .

COFFEE £/tonne

	Close	Previous	High/Low
Mar	1140	1140	1150 1136
May	1130	1120	1135 1120
Jly	1110	1092	1115 1094
Sep	1095	1081	1099 1081
Nov	1079	1071	1082 1074
Jan	1071	1061	1065 1063
Mar	1075	1065	1065

Turnover:4229 (4205) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 24: Comp. daily 116.11 (116.86); . 15 day average 116.09 (118.46).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Mar	253.00	244.80	253.00 243.00
May	257.60	250.40	257.60 250.00
Aug	257.00	250.40	257.00 252.00
Oct	253.80	246.00	253.80 246.80
Dec	252.40	244.00	245.00
Mar	248.40	240.00	
White	**Close**	**Previous**	**High/Low**
May	306.00	301.00	306.00 299.00
Aug	312.00	307.00	311.00 306.00
Oct	301.50	295.50	301.50 294.00
Dec	297.00	293.00	0
Mar	287.00	282.00	294.00 287.50
May	285.00	281.00	286.00 285.00

Turnover: Raw 9506 (4062)lots of 50 tonnes. White 815 (1983).
Paris- White (FFr per tonne): May 1885, Aug 1826, Oct 1640, Dec 1790, Mar 1765, May 1760.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
2050	177	157	34	80
2150	114	108	69	127
2250	67	71	121	167
Copper (Grade A)	**Calls**		**Puts**	
2700	314	235	80	137
2900	187	145	115	241
3100	98	54	228	373

TEA
At this week's auction there were 18,049 packages on offer including 4,200 packages in the offshore section, reports the Tea Brokers' Association. The small selection of Assam teas was absorbed at generally easier rates, although pekoe dusts remained firm. Bright liquoring and good medium Africans sold well at fully firm and often appreciably dearer rates. Plainer mediums proved irregular and barely steady. Ceylons met good demand and price levels showed little change. Offshore teas sold readily at fully firm rates with brighter descriptions tending dearer. Quotations: quality 165p nominal (NC) medium 106p (102p) low medium 83p (83p)

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 14,150 tonne
Cash	2200-10	2180-2200	2230	2230-5		
3 months	2178-80	2170-5	2200/2165	2195-200	2185-90	25,490 lots
Copper, Grade A (£ per tonne)						Ring turnover 33,050 tonne
Cash	1850-5	1890-900	1900/1850	1895-900		
3 months	1689-90	1695-700	1717/1674	1705-9	1696-8	56,800 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	587-90	586-91		591-4		
3 months	600-3	601-4		604-7		0 lots
Lead (£ per tonne)						Ring turnover 1,975 tonne
Cash	344-6	344-5		344.5-5.5		
3 months	351.5-2	351-3	352/351.5	351.5-2	351-2	9,862 lots
Nickel ($ per tonne)						Ring turnover 1,704 tonne
Cash	18650-700	18900-9000	18700/18350	18300-400		
3 months	17900-50	18350-400	18350/17850	17825-50	17900-50	8,291 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 8,225 tonne
Cash	2045-50	2020-30	2055	2050-5		
3 months	1935-8	1920-30	1945/1935	2195-200	1935-45	5,734 lots
Zinc ($ per tonne)						Ring turnover 16,175 tonne
Cash	2030-40	2015-25	2034	2034-5		
3 months	1904-6	1825-900	1910/1885	1905-10	1900-5	12,105 lots

POTATOES £/tonne

	Close	Previous	High/Low
Apr	67.8	64.5	68.5 65.8
May	82.5	78.9	82.5 81.0
Nov	86.0	89.0	86.0
Feb	100.0	100.0	
Apr	128.2	126.7	128.5 128.0

Turnover 391 (350) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	61.00	59.00	60.50 59.00
Jun	53.00	52.50	52.50 51.00
Aug	47.50	48.50	

Turnover 347 (372) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Feb	1530	1529	1530 1530
Mar	1625	1618	1625 1622
Apr	1669	1670	1674 1668
Jul	1488	1488	1474 1468
Oct	1585	1585	1585
Jan	1600	1600	1600
Apr	1640	1630	1640
BFI	1543	1528	

Turnover 147 (298)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	113.50	113.30	113.75 113.50
May	116.95	116.75	117.15 116.95
Jun	118.65	118.50	118.75 118.60
Sep	104.25	104.25	104.25
Nov	106.35	106.35	106.35
Jan	109.45	109.40	109.45
Mar	112.40	112.40	112.40
Barley	**Close**	**Previous**	**High/Low**
Mar	110.85	110.50	111.00 110.75
May	112.55	112.20	112.55 112.35
Sep	100.85	100.85	100.85
Nov	104.00	104.00	104.00

Turnover: Wheat 270 (204) , Barley 59 (104) .
Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	390-390½	223½-224
Opening	391-391½	223-223½
Morning fix	390.75	222.929
Afternoon fix	390.60	223.136
Day's high	391½-392	
Day's low	390-390½	
Coins	**$ price**	**£ equivalent**
Mapleleaf	401-406	230-233
Britannia	401-406	230-233
US Eagle	401-406	230-235
Angel	401-406	230-233
Krugerrand	389-392	223-225
New Sov.	91¼-92¼	52½-53¼
Old Sov.	91¼-92¼	52½-53¼
Noble Plat	543.90-558.25	309.55-314.80
Silver fix	**p/fine oz**	**US cts equiv**
Spot	339.75	595.25
3 months	351.00	610.60
6 months	362.80	627.20
12 months	384.25	659.20

CRUDE OIL $/barrel

	Close	Previous	High/Low
Apr	16.60	16.15	16.61 16.36
May	16.17	15.77	16.17 16.00
IPE Index	16.22	16.25	

Turnover: 4004 (2485)

GAS OIL $/tonne

	Close	Previous	High/Low
Mar	144.25	140.00	144.00 142.25
Apr	142.75	139.00	142.75 141.00
May	141.50	137.50	141.50 139.25
Jun	140.75	136.50	140.50 138.00
Jul	142.00	136.75	140.25 138.50
Aug	145.00	141.00	143.00
Sep	148.00	143.00	
Oct	145.50	144.00	144.50
Nov	147.75	145.00	146.00 145.00

Turnover 5753 (5003) lots of 100 tonnes

US MARKETS

IN THE METALS, gold prices slipped on light fund and bank selling, reports Drexel Burnham Lambert. Silver futures fell as trade selling elected sell stops at 599 basis may. Copper prices advanced over 200 basis may as new longs entered the market. Lower cmx stocks were noted. Switch activity was seen in both the silver and copper markets as first notice day for March is softs, commission house liquidation sank cocoa prices below 1500 basis may. Sugar edged higher with the news of increased export business. Coffee trading was slow. In livestock trading, early carryover selling from Friday encouraged by a neutral to negative cold storage report gave way to local and commission house short covering in the bellies. Live hog futures eased as light packer interest and Friday's cold storage report weighed on the market. Cattle prices were mixed. The grain markets were all weak, especially in the nearby contract as March delivery approaches. Lack of fundamental news also added to the soft tone. A major oilseed convention in western U.S., kept many trade participants away from the market. Energy futures gained on mixed trade activity. Volume was only moderate as prices approach contract highs in April.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	387.3	390.3	390.5	390.5
Apr	388.8	392.6	395.2	389.1
Jun	394.9	397.7	400.3	394.2
Aug	400.6	403.4	405.0	400.8
Oct	406.6	409.4	411.2	409.9
Dec	412.6	415.3	417.9	414.7

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	539.3	542.3	0	0
Apr	538.3	539.8	548.5	535.7
Jul	537.5	536.3	542.0	536.0
Oct	537.5	536.3	540.0	536.0
Jan	538.5	539.3	542.0	540.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	584.5	592.5	598.5	588.5
Apr	590.0	596.0	600.5	596.0
May	595.8	603.6	607.5	595.0
Jul	607.4	615.2	619.5	606.0
Sep	618.9	626.3	630.0	621.0
Dec	635.8	642.3	647.0	635.0
Jan	640.9	647.1	0	0
Mar	652.2	658.1	661.0	659.0
May	663.6	669.2	659.0	669.0
Jul	674.9	680.2	681.0	675.0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 24	Feb 23	mnth ago	yr ago
1941.0	1910.2	1969.2	1763.2

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	137.14	137.36	140.26	127.43
Futures	136.69	136.43	141.89	130.66

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	136.40	136.00	138.00	135.30
Apr	133.05	130.60	0	0
May	129.80	127.60	130.00	126.60
Jul	122.80	121.10	123.00	120.30
Sep	118.70	116.75	118.80	116.50
Dec	114.60	112.85	114.20	113.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	18.29	18.07	18.32	18.13
May	17.79	17.56	17.84	17.65
Jun	17.48	17.26	17.50	17.33
Jul	17.21	17.02	17.22	17.08
Aug	16.96	16.81	16.98	16.88
Sep	16.80	16.65	16.80	16.70
Nov	16.55	16.49	16.57	16.55
Dec	16.47	16.44	16.56	16.47
Jan	16.44	16.39	16.49	16.40

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Mar	5305	5173	5310	5195
Apr	5100	4962	5110	4990
May	4926	4804	4935	4820
Jun	4780	4701	4810	4715
Jul	4700	4642	4725	4660
Aug	4725	4660	4735	4690
Sep	4765	4740	4765	4750
Oct	4635	4600	4635	4600
Dec	4980	4920	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1507	1542	1540	1508
May	1492	1541	1541	1490
Jul	1451	1490	1488	1450
Sep	1420	1455	1455	1420
Dec	1408	1441	1438	1403
Mar	1395	1434	1420	1398

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	127.73	126.90	128.75	126.55
May	125.70	125.79	126.75	125.05
Jul	122.00	122.60	123.20	121.80
Sep	119.57	120.23	121.00	119.80
Dec	117.88	118.05	120.00	117.60
Mar	118.26	116.00	0	0
May	118.55	116.80	0	0
Jul	118.50	116.55	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	10.90	10.95	11.13	10.86
May	11.44	11.24	11.46	11.21
Jul	11.45	11.12	11.47	11.16
Oct	11.34	10.97	11.36	11.00
Jan	10.92	10.55	0	0
Mar	11.05	10.70	11.05	10.79
May	11.02	10.69	10.73	10.73

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	59.19	58.15	59.27	58.70
May	60.40	59.48	60.60	59.70
Jul	60.87	59.85	61.12	60.40
Oct	60.70	59.75	61.00	60.40
Dec	60.57	59.83	60.99	60.20
Mar	60.99	60.13	60.80	60.80
May	61.25	60.40	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	138.70	137.30	139.00	137.30
May	138.25	136.15	138.90	136.60
Jul	137.70	136.10	138.65	136.70
Sep	137.00	135.30	137.75	136.35
Nov	135.45	133.00	136.25	134.50
Jan	132.75	129.00	132.00	132.00
Mar	131.25	128.00	0	0
May	131.25	128.00	0	0
Jul	131.25	128.00	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	757/2	761/0	760/0	755/0
May	767/2	768/6	769/4	764/4
Jul	773/4	774/2	776/0	771/0
Aug	770/0	769/2	771/0	766/4
Sep	741/0	740/0	743/0	738/4
Nov	727/4	725/6	728/0	725/0
Jan	734/4	733/0	734/4	732/0
Mar	741/4	741/0	742/0	739/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	22.63	22.67	22.77	22.48
May	23.26	23.33	23.38	23.07
Jul	23.84	23.89	23.96	23.68
Aug	24.07	24.07	24.20	23.95
Sep	24.30	24.35	24.35	24.15
Oct	24.45	24.50	24.45	24.30
Dec	24.60	24.75	24.75	24.50
Jan	24.67	24.80	24.75	24.65

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	239.6	240.2	240.5	238.7
May	237.1	237.5	238.0	236.6
Jul	233.7	233.9	234.5	232.5
Aug	230.2	230.0	231.5	229.8
Sep	225.5	225.5	226.0	225.0
Oct	219.5	219.0	219.5	218.5
Dec	217.4	216.7	218.6	216.5
Jan	216.5	216.5	216.0	217.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	270/0	271/4	271/6	269/4
May	278/6	277/6	278/4	276/4
Jul	280/6	281/2	282/2	280/4
Sep	272/4	278/4	275/0	272/4
Dec	270/2	269/6	271/6	269/4
Mar	277/0	277/0	278/0	276/2
May	279/6	280/0	280/4	279/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	432/4	434/0	434/0	431/0
May	432/2	433/2	434/0	431/0
Jul	404/2	406/4	408/4	403/4
Sep	411/0	413/4	415/4	411/0
Dec	423/6	426/0	427/0	422/0
Mar	425/0	428/4	428/0	426/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	78.15	78.15	78.45	77.90
Jun	75.00	75.27	75.47	74.82
Aug	72.55	72.80	72.95	72.33
Sep	72.10	72.50	72.30	72.10
Oct	71.70	71.87	72.05	71.50
Dec	72.85	73.02	73.10	72.85
Feb	72.90	73.05	72.90	72.60

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	43.47	43.52	43.65	43.06
Jun	47.90	47.92	47.97	47.55
Jul	48.15	48.15	48.25	47.82
Aug	47.07	47.12	47.30	46.85
Oct	43.67	43.62	43.85	43.52
Dec	45.20	45.37	45.30	45.10
Feb	45.30	45.50	45.55	45.30

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	37.82	37.42	38.07	37.10
May	38.15	37.87	38.45	37.55
Jul	38.27	38.07	38.60	37.70
Aug	37.27	37.10	37.55	35.90
Feb	49.37	49.55	49.40	48.50
Mar	47.82	48.70	48.70	47.75
May	50.00	50.00	0	0
Jul	51.20	51.20	0	0

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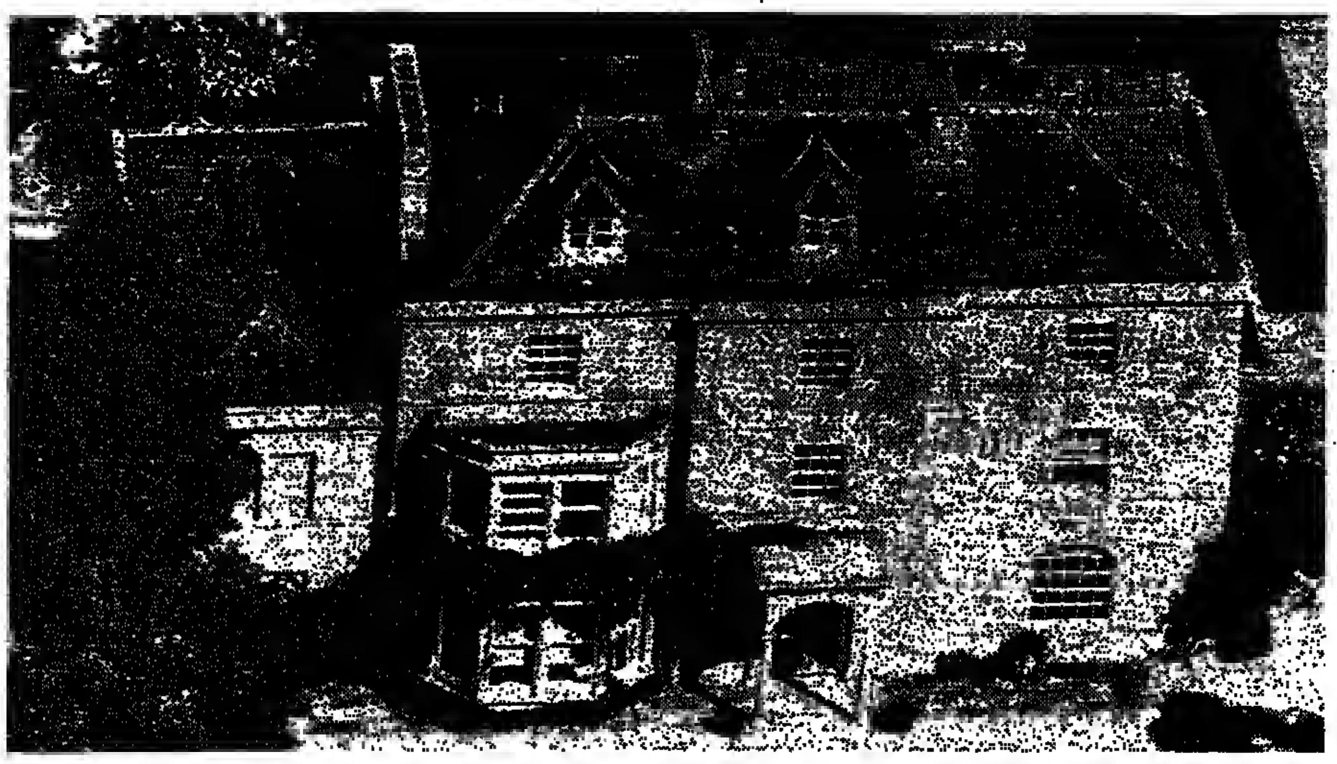
Every year we read 15,000 business publications cover to cover...

McCarthy Information, Europe's only multi-lingual business news service, is 20 years old this year. In this special supplement to mark its twentieth anniversary, Tim Owen talks to McCarthy's customers and staff about the benefits its services can bring and reports on how one man's simple idea developed into a worldwide business service.



McCARTHY'S GEORGIAN HEADQUARTERS IN WARMINSTER.

JOHN JAY, CITY EDITOR, SUNDAY TIMES

There's a terminal on every journalist's desk at the Sunday Times, and Profile Information (which hosts McCarthy Online) is one of the facilities available from them. When it comes to McCarthy Information, however, City editor John Jay prefers to take cards.

"You can't take a computer in a taxi," he explains. *"Classically, I'm having lunch with a company chairman, so on my way out I say to my secretary 'can I have the McCarthy cards and Extel cards on the company,' and then I'll just sit and read them in the taxi on my way so I'll be up to scratch on the latest developments."*

As City editor, dealing mainly with quoted companies, John Jay takes the McCarthy UK Quoted Company Service, whicb covers all companies quoted on the London, provincial and Dublin stock exchanges, the Third Market and the USM. (The paper's industrial reporters take the McCarthy Industry Service in addition.) The cards are an essential aid for researching companies that he is going to meet or to write about, and he uses them every day of his life. *"I may be writing a big feature, and I'll be wanting to check back on what happened when. Writing a brief history, I'll want to check that I've got the dates right and people's names spelt right."*

Although be uses online for information on unquoted companies, or for issues unrelated to one specific company, the cards remain for him the ideal means of juggling quickly with a mass of information when a deadline is looming. *"It's the flexibility. People talk about the paperless age and the advantages that it can bring, but it will actually make some things more difficult."* He stacks a pile of cards on his knee and demonstrates. *"Here's Morgan Grenfell..."* (This is last December, a few days after the firm's announcement of 450 redundancies.) *"I want to read something about Christopher Reeves and I want to check when he was ousted, and then in the next minute I want to read what the profits were for the six months to end June, and then a few minutes later I want to check the date of the Guinness scandal."*

The cards, he says, are *"very, very user-friendly"*. When researching a particular company in depth, it is not possible to scout around an online system with the same speed – particularly if he is working on a piece of text for the paper at the same time.

"We live and die by the McCarthy Information Card," he concludes. *"That and the Extel card and annual report is the most important database that we have. It is critical to the success of our job."*

INFORMATIONS SANS FRONTIERES

La predominance de l'anglais en matiera d'informations internationales dans le domaine des affaires est souvent une cause d'agacement et de frustration pour les personnes de langue française.

La plupart des services d'informations paraissent ne tenir aucun compte du fait que la France est l'un des principaux centres industriels et financiers d'Europe et que son importance economique se reflète dans l'influence et l'autorité de sa presse spécialisée dans le domaine des affaires.

McCarthy Information tient compte de cet état de fait et fournit des coupures de journaux provenant des principaux quotidiens français – Le Monde, Les Echos et La Tribune – ainsi que de l'hebdomadaire "La Vie française," offrant ainsi à ses clients de langue française des informations comme ils les préfèrent – en français.

BEARS AND BULLS ON THE LONGLEAT ROAD

Warminster is a pleasant town of grey stone buildings, with three fine coaching inns, and a fourteenth century minster church. Longleat House, with its safari park, lies some four miles to the west. On a small rise at the edge of the town stands a Georgian manor house, and it is here that about 80 people produce the entire range of McCarthy services.

Isn't distance from London a problem for such a vital business service? According to managing director Anthony Garnett, nothing could be further from the truth. *"With communications now, distance isn't anything – it doesn't matter."* Chief editor Michael Ridgway agrees: *"Whatever happens, we put a service out,"* he says. And if disaster should strike, McCarthy Information is ready to deal with it. They have a stand-by generator to run their card printing machines if there is a power cut, and they were using fax years before it began its current vogue. In Wiltsbire, overheads are much lower (there was no big staff shake-out here following the October 1987 crash) and recruitment is still comparatively easy. Add to these the not inconsiderable advantage of quality of life, and you have a recipe for high productivity and a high quality service.

200 A DAY

And McCarthy's services are undoubtedly high quality. The Quoted Companies card service – still the core McCarthy product – is far from being simply an indiscriminate cuttings service. *"The* **FT** *is our main source,"* explains Michael Ridgway, *"and we take 170 to 180 cuttings a day from it – all the relevant company information, about 70-80% of the paper."* Then he looks at the other papers for additional comment – 'View from City Road' or 'Armchair Investor' in the **Independent**, for example, or analysis in other papers additional to the **FT** coverage when company results come out. This adds about another 30 cuttings a day from each of the other UK national dailies without simply duplicating information already available in the **FT**.

"We're also fairly specific on what we're looking for from overseas papers," says Ridgway. Here the emphasis is very much on analysis and comment, and may involve a further 10 to 20 cuttings a day from a French paper like **Les Echos** or **La Tribune**. Language is not a problem for McCarthy. A member of staff on the premises reads all the German, French and Swiss papers, and with other languages such as Spanish and Italian, the company expects to recruit and train local readers in the countries concerned. Again, communications is the key, and McCarthy will take the finished product, complete with an English headline, from the local reader on disk, by fax or by post, depending on the volume of material involved.

Originality of news or comment is an essential quality that McCarthy has to take into account when looking for new foreign papers to cover.

By offering information in its original language, McCarthy is probably unique among business press monitoring services, which invariably publish in only one language.

Besides the UK quoted and unquoted company card services, McCarthy also offers company services covering Europe, North America and Australia. The European service covers any company quoted on a West European stock exchange, and also aims to cover Europe's 5,000 largest companies whether quoted or not. The North American service reports on all companies with common shares quoted on the New York, American, Toronto or Montreal exchanges, and the Australian service does the same for companies with an ordinary share quotation on any of the Australian exchanges.

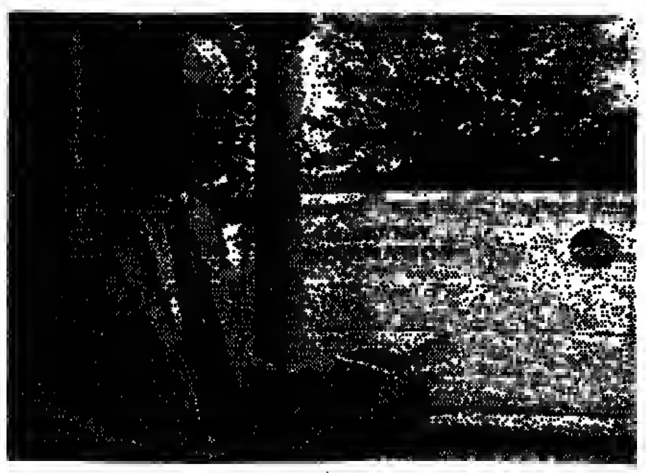
Further card services cover industries and sectors. There are services on property, energy, international banking and oil. The property service provides cuttings on both quoted and unquoted UK property companies, plus further items on the industry in general. The energy and banking services cull information on these sectors and their companies from all over the world. A Daily Oil News Digest provides London oil spot prices as well as news on production, discoveries, contracts and appointments.

In addition, a general industry service monitors over 60 areas of industrial activity. The articles extracted for this service include trade and commodity statistics, and comment on new developments. They allow the researcher to compare the performance and development of individual companies in their field of operation, and they come with McCarthy's own detailed industry classification index. Finally, customers with more specific needs than any of these can take out a part subscription, covering just the individual companies or industries that they need.

UNLIMITED ACCESS

Information on one company costs £18 a year (the minimum subscription is £90, or five companies), and Caunce explains the best strategy for deciding which companies to monitor. *"If you're doing any form of competitor analysis, you must know what you're doing yourself, so that must be your first company – your base line or datum line."* Then he advises looking at principal competitors, plus appropriate industry comment – a total package which could come in at well under £200 per year.

In an age where the computer dominates business information, what role can a paper-based service like this have to play? Aren't the card services becoming difficult to sell now that McCarthy's information is also available online? Not according to sales manager Julian Caunce. *"The card service I would describe as a multi-access, unlimited usage database,"* he says. *"Unlimited usage means that it doesn't cost you anything to use – multiple access means that two or three people can look at it at any one time. Another advantage is that you do know what your budget is for that year and how much you're going to have to spend."*



WE LIKE TO CONSIDER OUR CUSTOMERS AS FRIENDS," SAYS MANAGING DIRECTOR, ANTHONY GARNETT.

Speed of access is, surprisingly, another reason for preferring the card service to the online. *"A research department that's got a week to produce a report on a project may well prefer to use the online,"* says Anthony Garnett. *"A stockbroker whose client rings up and says 'Can you tell me about company X?' opens the drawer and is an immediate expert."*

UN SERVICIO SIN RIVAL PARA ESPAÑA

España, como miembro relativamento racien llegado a la Comunidad Económica Europea, tiene una especial importancia, no aolo como un gran marcado, sino también coma un poder industrial creciente.

Por lo tanto McCarthy Information, siguiento au línea de proporcioner información competante de empress en el idioma más apropiado, ha añadido a au lista de lectura las tres publicaciones españolas más importantes sobre economía y comercio.

Cinco Dias, Expanaión y Actualidad Económica, se leen en España exclusivemente pare el servicio de línea directa McCarthy, que pone instantaneamente, recortes seleccionados a diaposición de los hispanos parlantes, no solo en España sino también en todo el mundo da habla hispana.

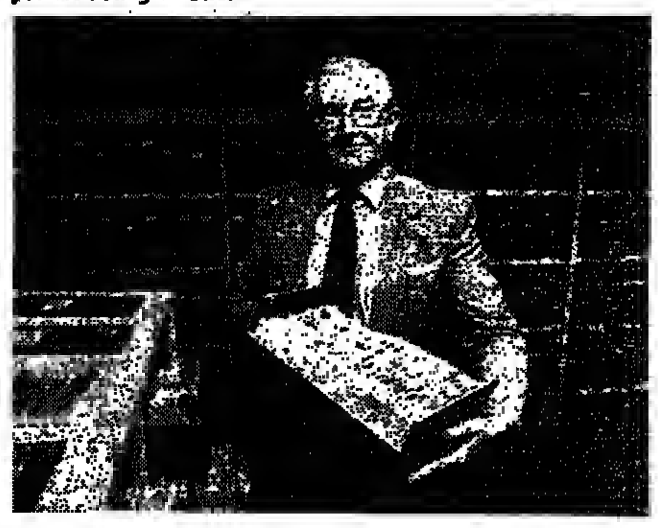
MALCOLM CAMPBELL, CITY BUSINESS LIBRARIAN

Between 600 and 700 people a day visit the Corporation of London's City Business Library, so it is an important showcase for business information products, says its head, Malcolm Campbell. *"The value of a place like this is that very often you can compare one source with another if you have various sources with the same information."*

The City of London's business community is the library's main group of users, but there are also market researchers, students, and private investors. *"A lot of the library's users are information people themselves,"* Campbell points out – *"librarians, information scientists and so on. Many of them are very astute, and know which things to bypass and which to take seriously."*

For years, he says, McCarthy cards were on their own – there was no competition. In fact, there is still no paper product that competes with them. *"There are indexes to periodicals and newspapers, but one still has then to go to the [newspaper] files themselves and find the reference. Whereas with McCarthy's you look under the name of the company and there you have press comment on that company. So it's a great time saver, covering a pretty comprehensive range of publications."*

"It is the alternative to cutting newspapers and journals on a daily basis – having teams of people cutting out everything that is of interest to the organisation. This clearly is quite out of the question for a library such as this, where we are liable to be asked about any type of company, any sort of business. So we couldn't be selective, and there is no way we can cut articles and file them. McCarthys has always done that for us ready made."



The library is one of McCarthy's oldest customers; it has taken the complete range of card services virtually since the company started 20 years ago, and it currently maintains a two-year file. Malcolm Campbell knew Stuart McCarthy, the company's founder, and kept in touch with him right up to his death. He describes him as *"a charming man,"* and finds those good customer relations continuing today. *"One feels one is a valued customer of McCarthy's,"* he says.

McCarthy Information takes its relations with libraries very seriously, and offers them special discounts on its products. *"We are used very widely by people from the City and beyond,"* says Campbell, and he believes that users of the McCarthy cards in a public library often go on to subscribe directly. *"In academic libraries, too, students get used to using a service of this kind,"* he says. *"They go out into the wide world and they want to go on using it."*

WIE SPREEKT HIER NEDERLANDS?

Nederlands spreken ze natuurlijk allemaal. Er is echter nauwelijks nog een Vlaamse of Nederlandse zakenman te vinden die daarnaast geen vloeiend Engels spreekt. McCarthy Information ziet echter niet in waarom ze daarom uitsluitend op diensten in vreemde talen een beroep zouden moeten doen. Wat doen we dus bij McCarthy? Wij lezen en selekteren stukken uit de leidinggevende Belgische zakenkrant De Financieel-Ekonomische Tijd en bieden die informatie aan via onze Online Service. Op die manier levert McCarthy Information aktueel en betrouwbaar bedrijfsnieuws en kommentaar voor de Vlamingen en Nederlanders in Belgie en Nederland of waar dan ook ter wereld.

ADVERTISEMENT

WHEN YOU NEED TO BUY A LIBRARY...

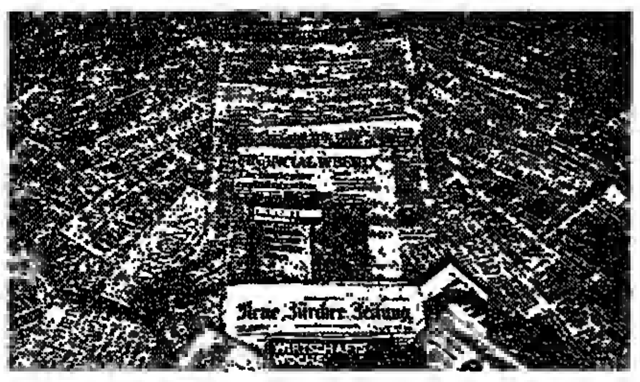
When **The Independent** needed an instant library for its City office it was to McCarthy Information it came, because the whole McCarthy cuttings collection is available on microfiche. The company also fiches the annual reports of 3,000 major UK quoted companies, and all the statistics that regularly appear in the **Financial Times.**

Anyone who has had to toil through back issues of the **Stock Exchange Daily Official List** looking for a share price for valuation purposes, or has needed to hunt up a particular day's foreign exchange rate. will appreciate the advantages that selective microfiching offers. Use of fiche drastically reduces a company's document storage problems. A year's supply of FTs can fill a small room, and its newsprint paper deterioriates steadily. A year's FT statistics on fiche fits into a box just 6in x 5in x 4in, and the medium is a durable one. The FT Stats Fiche service is just one of a range of archiving services that McCarthy undertakes on behalf of its customers.

Besides providing a permanent long term record, the Stats Fiche service is timely too – few fiches are despatched every week. The main service covers nine statistica series, including share prices, foreign exchanges, money market rates and the FT Actuaries Indices. An Overseas and Miscellaneous service takes in a further 13 sets of figures, including world stock markets, the international bond service, commodities, financial futures and traded options, and base lending rates.

Company accounts are relatively easy to come by in statistical summary form – several competing organisations offer this service both online and on paper. But these almost invariably exclude the details that put the flesh on the bones of the figures – the information on new product lines started, new production plants opened – even illustrations showing work in progress overseas, or the faces of key executives. All this information McCarthy captures in another microfiche service – MIRAC.

MIRAC offers on microfiche the entire contents – cover to cover – of reports from 2,800 quoted companies, and some 200 USM and OTC companies and public boards. It is information that may be common enough at the time it is actually puhlished, hut which is notoriously difficult to track down in retrospect. There may in addition he good reasons why Company A may not wish Company B to know that it is acquiring a long run of its annual reports – as a preliminary to a takeover bid, for instance. On occasions like these, MIRAC can act as the intermediary, providing the required reports in complete confidence.



McCARTHY INFORMATION MONITORS MORE THAN 60 AREAS OF INDUSTRIAL ACTIVITY AND 70 PUBLICATIONS EVERY WEEK.

After fiching, new company reports are passed to McCarthy's editorial staff, who squeeze further juice out of them. They extract hasic information for the 'front card' that accompanies many of the quoted company cards, and also for the McCarthy Company Fact Sheets database. This useful adjunct to the McCarthy Online cuttings file provides essential details of about 1,000 major companies – 900 UK and 100 foreign – selected on the basis of the Stock Exchange's six monthly market valuations. The figures given include turnover, profit/loss and earnings per share, and it is a simple matter for a stockbroker or fund manager to prepare for a search of McCarthy Online by first extracting from the Company Fact Sheets database a list showing, for example, companies which have shown a loss of more than £100 million in the past five years, or those with earnings per share of £5 or more in their latest year.

Once a year, McCarthy fiches all its accumulated company and industry cuttings. The fiche provide a historic record in an easily stored form, and are often used by McCarthy Online subscribers as a back-up to their current searching activities. In the race for immediacy and timeliness, most business information services tend to ignore the importance of archiving. McCarthy can meet the competition on currency with ease, whether through its daily and weekly card deliveries or online. In archiving, however, it effectively has the field to itself.

McCARTHY'S CUSTOMERS STUDY ITS FORM

Racing tips are one service that McCarthy Information doesn't provide. Nevertheless it is to Newmarket that McCarthy annually invites customers and well-wishers, on Thousand Guineas Day – the first classic of the flat racing season. The event is the McCarthy Information Handicap, which the company is now sponsoring for its third year.

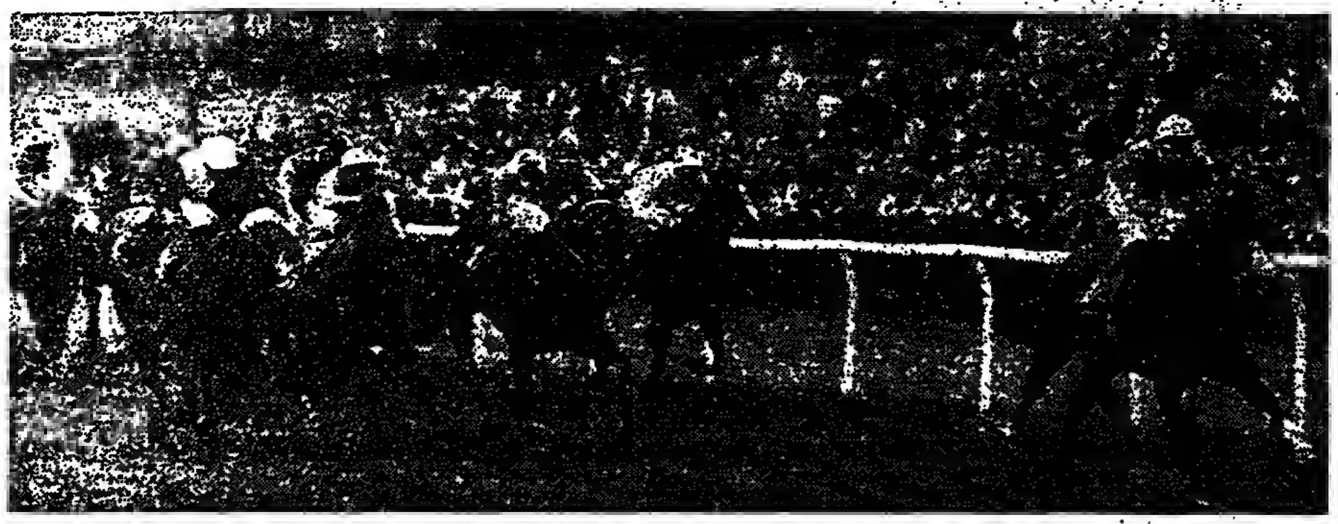
Why sponsor a horserace? *"We wanted something which was slightly countrified, inasmuch as we work and live in Wiltshire,"* says Anthony Garnett, *"but it had to be up-market, because we provide a fairly up-market product.*

"It is our way of saying 'thank you' to existing users and getting to know prospective ones. We don't do any selling on that day – the only cards to be seen are racecards."

Part of McCarthy's success has always been its close relations with its customers. As sales manager Julian Caunce puts it, *"I have one mouth and two ears."* So he takes note of his customers' suggestions for new countries to cover, new publications, and he will put himself out to help with special requests. Staff will perform searches on the McCarthy Online database on a customer's behalf, for instance, or the company will even put work out to an information hroker in the interests of good customer relations. The strategy clearly pays off. Although McCarthy advertises extensively in the FT and elsewhere, much of its husiness – both nationally and internationally – comes from customer referrals.

The telephone rings in McCarthy's library. A customer wants to know whether he can get information on a very small company, going back 10 years. He has been unable to find anything elsewhere. Within a couple of minutes, armed only with the company's name, the back copy clerk is able to retrieve 14 McCarthy Cards, going back to 1974.

Personal service of this kind – no less than a high quality product range – helps McCarthy Information to retain its unique niche in a highly competitive market. *"We like to consider our customers as friends,"* says Anthony Garnett. *"They are our bread and butter, and we hope that we treat them in a way that makes them feel friendly towards us rather than tolerant."*



MERDON MELODY WINNING THE McCARTHY INFORMATION HANDICAP AT NEWMARKET.

ONE MAN'S SIMPLE IDEA...

In 1969, Stuart McCarthy's summer holiday in Cornwall was interrupted by an unwelcome telephone call. Computers in Business, the company for which he worked, had failed and was to be sold. The company had been set up only a year earlier to provide an online database of newspaper articles, which customers could access on terminals in their own offices. Twenty years ago the idea was far ahead of its time, and it was perhaps inevitably defeated by the shortage of suitable terminals and the high cost of storing the data. Stuart McCarthy, however, saw his opportunity. He cut short his holiday, returned to London, and bought the company.

McCarthy had been a salesman for Computers in Business, and had previously worked for IBM in the City. He knew all the huyers in the banks and stockbroking firms. He had also seen, in many of the institutions he visited, people cutting up newspapers and sticking them into files. On the day he took over Computers in Business, he stopped his staff keying into terminals and set them to work cutting papers instead. He negotiated licensing agreements with the newspapers concerned. Then he had the cuttings reproduced on sheets of paper which when folded were the same size as the widely used Extel cards, and started selling them to his former sales contacts.

SURVIVED AND THRIVED

McCarthy Information, as he renamed the company, survived and thrived, hut trouble was on the way. The stock market took a nosedive in 1974, stockbrokers were folding and merging, and Stuart McCarthy lost around 50 customers. So he moved the company to Warminster in Wiltshire, some 90 miles to the west of London, where overheads were much lower, anticipating by a decade or so the general move west of new industries and expanding companies. The only additional overhead that he had in Warminster was to drive a van to London every night, loaded with cards ready for despatch to his customers the following morning.

SPRECHEN SIE DEUTSCH? DANN AUFGEPASST!

Endlich gibt es einen internationalen Informationsdienst, der neben Englisch auch andere Sprachen beruecksichtigt. Handelsblatt, Frankfurter Allgemeine Zeitung und Die Welt liefern maßgebende Fachreportagen sowie gut unterrichtete Kommentare über Firmen einer der wichtigsten Industrienationen Europas – der Bundesrepublik Deutschland – und McCarthy Information wertet alle drei aus. Für Geschäfts – und Finanzinformation aus der Schweiz bearbeitet McCarthy die Neue Zürcher Zeitung. Darüber hinaus bietet McCarthy die schweizerischen Wochenzeitungen Finanz Revue und Schweizerische Handels Zeitung, um jeden Deutsch-Sprechenden einen Service in der Muttersprache anzubieten, wie er bei keinem anderen internationalen Informationsdienst findet.

In 1978, Stuart McCarthy died and his widow Trish took over the running of the business. She sold the company to the **Financial Times** in 1979, thereby setting it on a new and important phase of further development.

Today, McCarthy Information employs about 80 full and part time staff, and has a turnover of more than £1.5 million. It has files on 16,500 companies, going back in some cases as far as 1970. It offers over a dozen different services compared to the two with which it started – on fiche as well as paper. The list of subscribers to these services reads like an international roll-call of finance, commerce and industry.

READY FOR 1992

In 1986, the original amhition of Computers in Business was realised when the company launched McCarthy Online, a service which gives customers throughout the world instant access to the McCarthy files. By December 1988, the online service contained 455,000 stories going back to October 1985. The database is currently growing at the rate of 12,000 stories a month, and McCarthy's customers spend some 250 hours a week logged on to it.

McCarthy Information has come a very long way since Stuart McCarthy's Cornish holiday of 1969. But while a twentieth hirthday is an event well worth celehrating, the company is looking to the future rather than the past. The advent of the Single European Market in 1992 is now only a few years away, and McCarthy Information will play an essential part in informing people of its implications for European and worldwide business. It covers business newspapers and journals from almost every important economic region of the world, providing information in English, French, German, Spanish and Dutch. It continues to seek out new sources to add to its current reading list of over 70 publications. It keeps in close touch with its customers, with whom it enjoys friendly relations, and it takes their suggestions seriously.

Above all, McCarthy Information is backed up by the enormous information resources of the **Financial Times.** This both facilitates the introduction of new services, and enhances the company's already high reputation within the business community. At the same time, it lays upon it the responsibility of remaining timely, accurate, and at the forefront of new business information services. Businesses are now more aware than ever before of the necessity of keeping well informed in order to survive, whether the challenge comes from overseas competition or from the risk of takeover at home. McCarthy Information is well placed to meet this need, and can race forward to its next 20 years with confidence.

ONLINE SERVICE HELPS EXECUTIVES COPE WITH 1992

McCarthy Online offers executives, whether in the UK or abroad, an angle on business news that the cards cannot provide. A subscriber can keep generally up-to-date on the construction industry and the key companies operating in it by taking the relevant cards. But only the online service will instantly retrieve those articles that deal specifically with the impact on the construction industry of the Single European Market – or of skill shortages or interest rates or anything else. Using online for information gathering exercises of this kind cuts out at a stroke most of the time a company previously needed to spend on research.

It is the online service that McCarthy is increasingly selling in Europe and elsewhere, and UK companies that are not geared up to access online information services such as McCarthy are running the risk of losing out to competitors. When McCarthy Online was launched in February 1986, the City was not as computer aware as might have been expected. *"People hadn't got terminals,"* says McCarthy's managing director Anthony Garnett, *"or if they had a terminal, they had a different one in each office and they weren't connected up."* Only months later, however, the situation had completely changed. Old stand-alone equipment was thrown out and whole new systems were installed in readiness for the Big Bang. *"That put customers in a better position to say 'OK, now we can get some outside databases',"* Garnett explains.

McCarthy Online was well placed to grah a good slice of this highly competitive market, because of the unique combination of advantages that it offers its customers.

ULTRA-RELIABLE

First and foremost, it is very easy to use. Five simple English words are all that the user needs to know in order to operate the system. Two of these command words are used to retrieve information on a particular topic (snch as the car industry) and then further refine the search to retain only articles on a particular aspect of that topic (such as robot assembly lines in Japan). The other three commands allow the user to display the headlines of the articles retrieved, or the sentences in which the chosen search terms have been used, or finally the complete text of the article.

Ultra-reliability is another advantage that users of McCarthy Online enjoy. The database resides on powerful computers with proven software. This puts the information required on the screen almost instantaneously, with none of the frustrating delays that can afflict some services. No special equipment is needed to access the service either – it is available through any desktop terminal with a modem and standard software, and can be networked. Business executives on the move can access McCarthy Online from their hotel rooms via most portables too.

Above all, McCarthy Online's full text articles and worldwide coverage put it in a special position to provide decision makers with all the press information they need. Virtually every article in the database is reproduced in its entirety – there are no abstracts. *"We don't ask the customer to guess what's been left out,"* says Anthony Garnett. He also believes that the database is unique in its inclusion of items from sources like **Handelsblatt** or **La Tribune** alongside articles from **Financial Weekly** or **Newsweek International.** *"It is the only multilingual business database in the world,"* he says.

Nor has McCarthy encountered any resistance or apprehension among its customers about using online. McCarthy information is available both on paper and fiche as well, Garnett points out, so the customer has full freedom of choice as to the most appropriate medium. Equipment supply is not a problem either. Although McCarthy doesn't supply equipment directly, it does offer advice, and it has good contacts. A customer who has a PC might contact McCarthy's and ask where to get a modem. *"We can ring up somebody who will be round in his office this afternoon with a modem, and software, and make it work for him."*

LONDON STOCK EXCHANGE

Equities driven below FT-SE 2,000

A DEJECTED London equity market fell sharply in moderate trading yesterday as worries over domestic interest rates intensified ahead of tomorrow's announcement of the UK trade figures for January. The stage was set for a poor start to the new equity trading Account by Friday's heavy fall on Wall Street and by renewed weakness yesterday in both the pound and the US dollar.

Most of the loss reflected marking-down operations by marketmakers, but a 22 point fall left the FT-SE index several points below the 2,000 mark last seen at the end of January.

Account Dealing Dates		
*First Dealings:		
Feb 13	Feb 27	Mar 13
Option Declarations:		
Feb 23	Mar 9	Mar 30
Last Dealings:		
Feb 24	Mar 10	Mar 31
Account Day:		
Mar 6	Mar 20	Apr 10

*New time dealings may take place from 9.00 am two business days earlier

The market opened 31 FT-SE points off after the UK weekend newspapers had sounded the alarm over prospects for a further rise in domestic base rates should the January trade figures upset sterling.

The equity market median forecast is for a January deficit of around £1.5bn on current account, which might not put undue pressure on sterling, according to analysts. However, some forecasts range as high as a £2bn deficit, a figure which would alarm the securities markets.

The stock market kept a close eye on the pound yesterday morning, and equities were subdued by reports of repeated action from the Bank of England to support the UK currency. Equities touched the day's low as London awaited Wall Street's opening with a good deal of nervousness, but some chart analysts were pleased that the FT-SE 1960 area was held – the day's low was 1963.3.

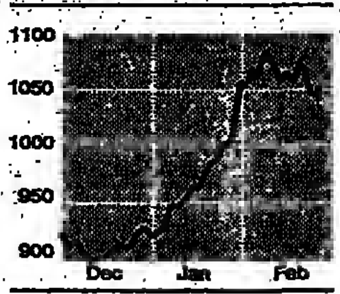
With the New York market fairly steady in early trading, UK etocks etaged a rally towards the end of the day. At its final reading of 1996.7, the FT-SE Index was 22.8 lower.On January 26, the market closed at 1959.8, the last time below 2,000 in the present market cycle.

Technical factors were also adverse for equities. The first day of the trading Account brought a heavy crop of ex-dividend quotations which tend to lower market indices. Also, the Stock Exchange introduced its long-awaited changes to Seaq reporting systems, allowing traders to delay disclosure of share prices on deals in excess of £100,000 until the following day.

While warmly welcomed by the market making firms, the change has left brokerage houses unable to track the performance of most of the blue chip heavyweights, where share prices and average deals are large enough to keep nearly all trades outside the daily reporting net.

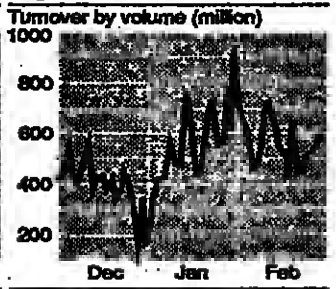
However, the large deals are included in the running lists of share volumes reported on Seaq. Yesterday's overall volume total of 415.5m shares was below recent daily sverages, bearing out traders' views that there had been little significant selling by the institutions.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Beecham brush off US news

The news that Genentech of the US has been granted approval by the Federal Drug Administration for its mortality data for tPA, its anti-clotting heart drug, briefly jolted Beecham. Shares in tha UK pharmaceutical group, whose Eminase product is in direct rivalry with tPA, dipped to 552p before rallying to close at 557p, only 2 off and a creditable performance in a sharply lower equity sector.

Helping Beecham at the close was an immediate comment from the pharmaceuticals team at BZW, the UK securities house. Mr Steve Plag said that Genentech's data for tPA covers a relatively short period, and is "most unlikely to give the drug a major boost." He believes that Beecham has "a very good chance," of obtaining US approval for Eminase later this year.

Storeys collapse

Wardle Storeys, the chemicals group, were among the market's worst performers, plunging in the wake of an anouncement that group first-half profits will fall some 25 per cent short of thosa achieved in the same period last year.

Wardle Storeys' share price was slashed to 405p from Friday's 642p close. "They (the shares) were slaughtered to choke off what would have been a deluge of selling on the news," said one marketmaker.

But the quotation subsequently was raised as the session wore on with the same trader saying: "The mark-down and the selling was overdone; there were buyers around at the closing level." This was 470p, a net decline of 172p on the day.

The company blamed the the shortfall on an overvalued sterling rate, particularly against the D-mark.

Analysts immediately moved to cut their forecasts for the company. Ms Jinty Price, at BZW, downgraded her estimate for the current year from around £19.5m to £14m – "just about the consensus estimate," said Ms Price.

For next year Ms Price expects "some degree of recovery" and forecasts pre-tax profits of £18m against a previous figure of £22m. But she pointed to the damage wrought by the shock news: "Wardle Storeys has always had a strong City following; this is the stuff that de-ratings are made of."

electronics groups, came under intense selling pressura towards the close of business as dealers picked up the scent of a possible rights issue to accompany the group's preliminary figures expected this morning.

The shares, weak throughout, but no more so at first than other top electronics, suddenly wilted to close a net 13½ down at 309p – after touching the day's low of 307p – as the rights issue stories filtered through to the market. Turnover topped 4m, well up on usual levels for STC.

Apart from the possible fundraising, there were stories that two directors had exercised their rights to share options and were about to unload some 1.25m shares. Finally, bears of the stock were saying the results would be accompanied by a pessimistic trading statement.

Dealers were sceptical of all three stories, as were some of the leading electronics analysts in the City. "When we're thinking of rights issues in this sector, STC is not the first name that springs to mind although, of course, it could happen. STC has spent some £175m on acquisitions during the year and may need to fund further ventures," said one. Estimates of STC's profits range from £222m to £230m, with Warburg Securities and Kleinwort Benson at the top of the scale, and Pru-Bache at £225m.

Pharmaceuticals and healthcare stocks held firm against the market trend. Wellcome (458p), Beecham (557p), Smith & Nephew (129p), and Boots (252p) moved only a penny or two. "If we are coming into a bumpy landing, healthcare is relatively immune, and overseas earners have an added bonus," said Mr Ian Moore, an analyst at Fleming Securities. Glaxo was the exception, shedding 19 at 1232p. "It is already on a 30 per cent premium to the market," explained Mr Moore.

Other stocks with good activities overseas gained from nervousness over the UK economy. Reuter put on 4 at 336p and Hanson was unchanged at 174p. Sentiment in the latter was underpinned by its yield, and the price was supported by small institutional buying "near the bottom of the trading range," said a marketmaker.

A special feature was Consolidated Gold Fields, which fell to 1443p after the official offer document from Minorco disappointed hopes for a full cash alternative to the £3.2bn share exchange terms. BTR continued to benefit from last week's figures from its Australian subsidiary and the shares closed unchanged at 347p. BTR's own full-year figures are due out on March 15.

Sharply higher crude oil prices – April Brent was up some 40 cents around the close – failed to arrest a general slide by oil and gas issues. The biggest turnover was again in British Gas which dropped 4 more to 164½p on 14m with dealers citing continuing worries over competition.

BP "old" lost 2½ to 261½p ex-dividend and the "new" 2½ to 156½p; there were reports of US-sourced selling after a low-key presentation given by the company in the US last week.

Hambros hogged the limelight in the banking arena with the shares closing a net 6 higher at 248p after Danish financial group Baltica revealed it has built up an 8.98 per cent stake and intends increasing its holding to 10 per cent. Traders said it was unclear where the Baltica stock bad coma from and whether the Danish group's intentions were friendly. Banco San Paola di Torino recently announced it had increased its holding in the UK merchant bank to 8.34 per cent.

Brewers once again beld their own in a weak market; dealers said that investors continued to pick up stock ahead of the imminent release of the MMC's report into the tied house system. Scottish & Newcastle lept 16 to 445p as more and more take the view that the company is losing its fight to persuade the MMC to block the unwanted bid from Australia's Elders IXL.

Grand Metropolitan slipped 14 to 517p after the shares went ex-dividend and the company revealed a reorganisation of its food businesses in the wake of its recent takeover of US group Pillsbury.

Stores held up well under the pressure of interest rate fears, with several stocks staging impressive recoveries. Storehouse was the most notable performer, opening immediately firmer before climbing to a close of 171p, up 6 on the day on turnover of 3.2m shares. Dealers said that an early buyer of ¾m shares revived last week's speculation that Mr Asher Edelman, the US arbitrageur who already holds 6.1 per cent, was picking up more stock.

However, hopes that Mr Edelman will pnt together a consortium bid for Storehouse appear to be dwindling, in spite of the recent strength in the share price. An alternative story doing the rounds late on Friday that Mr Edelman had in fact placed his stock with several institutions failed to take hold yesterday, and some dealers think that the only thing holding up the shares at the moment is the fear of missing ont if a bid does eventually materialise. "Everyone is nervous of selling them short," admitted one marketmaker.

Dixons also outperformed the market, closing a penny firmer at 154p as 2m shares cbanged hands. Once again Woolworth (steady at 266p) was mentioned as a possible bidder. The funds required for an offer could be raised by Woolworth floating off its property assets.

Second-liner Splash Products rose 4 to 75p as the company's management rejected a hostile bid from Astra Trust, which ended a ¼ better at 12½p.

There was little reaction to the announcement from Australian group Goodman Fielder Wattie that it is having talks with several possible purchasers of its its 29.9 per cent stake in UK foods group Rank Hovis MacDougall (RHM). The statement from Goodman Fielder, which said that it was "considering a number of proposals from interested parties," confirmed the view held by several analysts that the Australian group has had no luck in finding partners to join a consortium bid for RHM, and tha shares closed 5 weaker at 372p.

Shares in small Welsh confectionery maker G F Lovell jumped 40 to 250p on the news that a 76.6 per cent stake in the company is being bought by a group of three investors led by Mr Peter Woodman, former managing director of Ibstock Johnson.

An early 1m share trade in Pilkington helped make it one of the few industrial stocks to reach last week's turnover levels. Some 3.2m shares had changed hands by the close, but the price went with the market to close 3 lower at 227p.

A few small buyers helped cusbion Trafalgar House against the early weakness. The shares recovered with the mild afternoon rally and ended unchanged at 341p. Speculative traders predominated in Eurotunnel, which fell rapidly to 762p before recovering a little to 768p, 18 lower on the day. "There is not much to go on until the next drilling report in two months time," said a dealer.

A heady mixture of management buyout and bid suggestions kept Eagle Trust dealers busy. "There is rapid trade in both directions," said one. The shares tonched 18¼p before sliding back to 17¼p, up a net ¾ from Friday's close.

Illingworth Morris flourished, as speculation revived of a takeover, and the shares closed 12 up at 158p. Some months ago tbe company announced the receipt of several approaches but all were later discontinued, including discussions relating to a possible offer from Allied Textile. A sharp increase in market activity over the past few sessions has alerted marketmakers to some new move and yesterday talk centred on another textile group, possibly Continental, showing interest. Mr Alan Lewis, the chairman and chief executive, holds around 51 per cent of Illingworth Morris.

Tootal also flew in the face of the wider market, edging forward to 133½p on weekend comment that Mr Abraham Goldberg, the Australian textile tycoon and large shareholder, was ready to attack the UK group. Through his vehicle Harbour Bridge, Mr Goldberg revealed an increased stake yesterday of 22.34 per cent.

British & Commonwealth's (B&C) success in finding an alternativa purchaser for M W Marshall, the moneybroking division of Mercantile House, helped the shares weather the market storm. Agreement has been reached wbereby B&C is to sell the operation to Marshalls Finance, a company established by the M W Marshall's own management, British Telecom and the Japanese moneybroker Hatori-Marshall, for a total consideration of £174.5m.

Annual profits slightly better than market forecasts and sharply above those reported for the previous year failed to comfort UTC. Researchers Mr Phillip Middleton and Mr Gordon Byrne at Kitcat & Aitken, the UK broking house, belleve the shares are attractive because the background for the securities business is looking much more positive than six months ago. The advice went unbeeded and UTC shares slipped 4 to 201p.

Business in the FT-SE 100 Index overshadowed all else in traded options, the day ahead of the February expiry. It accounted for over 40 per cent of total business. Overall trading came to 34,244 contracts, to make it a quiet day by recent standards. Index trading, however, reached the substantial amount of 14,398 contracts, consisting of 3,545 calls and 10,853 puts.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 24

FINANCIAL TIMES STOCK INDICES

	Feb. 27	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	87.60	88.08	88.13	88.31	88.78	90.26	91.43 (18/4/88)	86.18 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.42	98.48	98.41	98.54	98.48	96.43	98.87 (25/5/88)	94.14 (8/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1644.2	1663.4	1660.7	1673.7	1696.0	1429.5	1714.7 (8/2/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	172.0	169.2	163.6	162.4	158.7	234.0	312.5 (7/1/88)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)

	Feb. 27	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Year Ago
Ord. Dl. Yield	4.53	4.48	4.49	4.38	4.33	4.47
Earning Yld %(full)	11.13	11.00	11.03	10.88	10.92	10.65
P/E Ratio(Net)(☆)	10.88	11.01	10.98	11.13	11.11	11.39
SEAQ Bargains(5pm)	25,424	31,351	29,571	30,349	31,636	23,914
Equity Turnover(£m)†	-	1585.22	1477.88	1304.51	1234.42	816.40
Equity Bargains†	-	34,297	32,691	33,081	35,088	26,946
Shares Traded (ml)†	-	597.4	538.3	510.2	510.3	347.4

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1637.7	1635.4	1637.6	1634.3	1635.7	1636.0	1638.0	1639.8

DAY'S HIGH 1644.4 DAY'S LOW 1634.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35. Gold Mines 12/9/55, SE Activity 1974, ☆Nil 10.81 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Feb.24	Feb.23
Gilt Edged Bargains	128.6	131.0
Equity Bargains	222.2	211.8
Equity Value	3163.7	2987.2
5–Day average		
Gilt Edged Bargains	122.5	115.2
Equity Bargains	216.7	208.5
Equity Value	2696.4	2520.0

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	3,300	145	-1	Commercial Union	1,600	386	-5	Land Securities	402	563		Rothmans	1,600	514	-7
Allied-Lyons	1,200	467	-5	Cons. Gold Fields	677	1443	-4½	Laporte	821	402	-3	Royal Bk. of Scotland	182	383	-2
Amstrad	1,500	149	-4½	Cookson	863	307	-1	Legal & General	1,300	325	+3	Royal Insurance	1,600	423	
Argyll Group	1,500	182	-1	Courtaulds	929	297½	-4	Lloyds Bank	1,600	342	-½	STC	4,000	309	-13½
Ass. Brit. Foods	945	340	-7	Dalgety	1,300	354	-2	LASMO	753	463	-9	Saatchi & Saatchi	430	387	-3½
BAA	741	301	-3	Dixons	1,500	154	+1	Lonrho	1,808	335	-4	Sainsbury	790	216	-4
BAT	1,600	531	-5	Eng. China Clays	569	515	-4	Lucas	437	630	-5	Scot & Newcastle	1,600	445	+16
BET	963	248	-2	Enterprise Oil	894	535	-2	MB Group	252	285	+1	Sears	2,600	116½	-½
BICC	1,600	438	-7	FKI Babcock	4,600	174	-3	MEPC	464	554	+1	Shell Transport	1,600	366	-7½
BOC	855	478	-4	Fisons	2,300	276½	-½	Marks & Spencer	2,200	180	-½	Siebe	1,300	476	-4
BPB Inds.	1,300	244		Gateway Corp.	3,500	164	-½	Maxwell Comm.	1,300	204	-3	Slough Ests	166	322	
BTR	3,600	347		General Accident	774	923	-19	Midland Bank	945	434	-6½	Smith & Nephew	3,200	129	-½
Barclays	1,300	439	-5	General Elec.	1,900	229	-2	Nat. West. Bank	1,300	569	-5	Standard Chartd.	490	532	+1
Bass	375	968	+5	Glaxo	2,300	1232	-19	Next	2,500	145	-2	Storehouse	3,200	171	+6
Beazer	68	206	-2	Globe Inv.	382	161	-2	Northern Foods	57	291	-2	Sun Alliance	138	1080	-8
Beecham	1,900	557	-2	Glynwed Int.	779	316½	-2½	Pearson	98	694	-4	T&N	161	201	-6
Blue Arrow	7,900	89½	-2	Granada	400	341	-8	Pearl	323	411	+1	TSB	1,700	118	-1
Blue Circle	1,000	519	-6	Grand Met.	2,700	517	-4½	P & O	835	638	-1	Tarmac	1,500	272½	-3½
Boots	644	252	-1	GUS A	735	1104	-3	Pilkington	3,200	227	-3	Tate & Lyle	514	223	-4
British Airways	1,500	164½	-1½	GRE	1,300	208	-1	Plessey	710	253	-3	Tesco	717	152	-1
Brit. Aerospace	1,000	590	-14	GKN	357	360	-8	Polly Peck Intl.	118	322	-3	THORN EMI	663	702	-7
Brit. & Comm.	846	224	-2	Guinness	863	413		Prudential	3,400	166	-2	Trafalgar House	794	341	
British Gas	14,000	164½	-4	Hammerson 'A'	69	781	-5	Racal	4,400	346	-10	Trusthouse Forte	1,000	278	-3
British Land	62	344	+1	Hanson	3,400	173½	-½	Rank Org.	735	878	-3½	Ultramar	1,200	296	-6
BP	3,400	261½	-2½	Harrisons & Cros.	566	735	-3	RMC	240	617	-2	Unilever	1,800	536	-4
British Steel	9,400	78	-1	Hawker Siddeley	694	642	-7	RHM	223	372	-3	United Biscuits	943	315½	-5½
British Telecom	4,200	267	-1	Hillsdown Hldgs	1,080	273	-6	Reckitt & Colman	335	1068	+4	Utd. Newspapers	510	432	-6
Burmah Oil	401	538	-6	IMI	398	221	-3	Redland	1,000	503	-9	Wellcome	580	458	+1
Burton	1,700	197	+1½	Imp. Chem.	1,200	1159	-4	Reed International	630	431	-4	Whitbread 'A'	912	342½	+3½
Cable & Wireless	2,475	412	-7	Inchcape	1,500	261		Reuters 'B'	887	636	+4	Williams Hldgs.	1,350	263	-3
Cadbury Schweppes	1,700	342	-4	Jaguar	90	308	-3	RTZ	4,000	515	-7	Wimpey	605	285	-3½
Coats Viyella	3,200	154		Ladbroke	713	522	-4	Rolls Royce	7,000	166½	-5	Woolworth Hldgs.	1,300	266	

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (42).
BANKS (1) Bank Ireland BREWERS (1) Scott & New., BUILDINGS (5) Bailey Ben, Galliford, Hatfield Ests., Pochins, Tilbury Grp., CHEMICALS (2) Caird Grp., Rentokil, STORES (1) Chelsea Man, ELECTRICALS (4) ASEA AB "A", Dale Elect., MTL Instr., Nth Telecom, ENGINEERING (1) Concentric, FOODS (1) Low (Wm.), INDUSTRIALS (8) British Isl. Airways, Emhart, Grampian Hldgs., Johnson Cleaners, Macfarlane, Radiant Metal, Sthn. Bus. Grp., Williams (J.), INSURANCE (1) Utd. Friendly B., LEISURE (4) Campari Int'l., Capital Radio, Cityvision, Thames TV, PAPERS (1) TMD Advertising, PROPERTY (1) Southend Prop., SHIPPING (2) Mersey Dock Units, Tiphook, TEXTILES (2) Palma Grp., Tootal, TRUSTS (2) India Fund, Mezzanine C & I Tst., OILS (2) Cultus Res., Silkolene, MINES (1) Rus. Plat., THIRD MARKET (2) Cupid, Seacon.

NEW LOWS (21).
BRITISH FUNDS (5) Treas. 13pc 1990, Exch. 12½pc 1990, Exch 11pc 1990, Treas. 11¾pc 1991, Exch. 3pc Gas 90-95, CANADIANS (1) Geodome Res., CHEMICALS (1) Wardle Storeys STORES (3) Field (Mrs), Hogg Robinson, Pawlde Grp., ELECTRICALS (1) Cranbrook, FOODS (1) Borthwicks, INDUSTRIALS (1) Third Mile, PAPERS (3) BBS Design Grp., Fitch & Co 6pc Cv. 2007, PROPERTY (1) Cussins Prop., TEXTILES (2) Haggas (J.), Text"rd Jersey, TRUSTS (1) Baltic Hldg., OILS (1) Floyd Oil, MINES (1) Jason Mining.

APPOINTMENTS

Abbey Life investment director

■ At ABBEY LIFE ASSURANCE Mr George Yoxall has replaced Mr Alan Frost as director, investments, Abbey Life Assurance Co, and managing director of Abbey Life Investment Services (ALIS). Mr Yoxall was director, North American and Far Eastern equities. Mr Paul Laband has been appointed deputy managing director of ALIS. He remains the executive director responsible for market strategy and for developing Abbey's external fund management business.

■ On March 1 Mr J.H. Davies joins the board of DESOUTTER LTD as production director, and the board of Desoutter Products.

■ CUPRINOL has appointed Mr John Dean as operations director. He was previously operations director for sister company Polycell.

■ Mr Mike McCourt has been promoted to director of MOTOROLA SEMICONDUCTOR's newly-formed UK region. He was regional manager.

■ A.E. SYMES, part of the Willmott Dixon group, has appointed Mr Tony Organ as deputy managing director, a new post. He was contracts director.

■ TRUTEX has appointed Mr David Attwood as sales director for casualwear; and Mr Jim Swan becomes merchandise director of schoolwear.

■ Mr Peter Brown has been appointed managing director of Wincanton Distribution; Mr Alastair Elder becomes managing director of Wincanton Transport Services; and Mr Keith House is promoted to managing director of Wincanton Milk Services. All are part of the WINCANTON GROUP.

■ Mr Peter Shields has been appointed deputy managing director - new business development, at ITC ENTERTAINMENT GROUP. He was corporate controller of the former parent company Bell Group International.

■ Mr Raymond Godson has been appointed commercial and financial director of MARINEX PETROLUEM. He was financial director of RTZ Oil and Gas.

■ Following the acquisition of the Lorilleux group, COATES BROTHERS has appointed Mr Gianrico Geisseler as group director for printing inks, and Mr John Waters as group director for resins and electrographics.

■ Mr Nicholas Wheatley has been appointed director of finance of WESSEX WATER from March 1.

■ Mr Jeffrey L. Perrin has been appointed finance director of RADSTONE TECHNOLOGY. He joins from GEC Electrical Projects where he was finance director.

■ CANADIAN IMPERIAL BANK OF COMMERCE, London, has appointed Mr Tony Fim as assistant general manager, foreign exchange Europe; and Mr Peter Beckett, chief dealer, foreign exchange London.

■ GEORGE WIMPEY has appointed Mr I.H. Gracie, Mr A.J. Haigh, Mr J.H. Betty, and Mr M.E. Fletcher as regional directors.

■ THE BRITISH AVIATION INSURANCE COMPANY has appointed Mr R.A. Walker as claims manager, and Mr J. Larkins as deputy claims manager. This follows the sudden death of Mr D.J. Glover who was claims manager.

TSB Life promotions

■ TSB LIFE & PENSIONS has made the following promotions: Mr Brian M. Wilkinson, to marketing director; Mr Tony W. Johnson, to sales director; Mr Michael R. Poulding, to actuary and financial controller, and will be the Appointed Actuary for TSB Life and TSB; Mr Roy D. Crockett, to general manager, customer services; Mr Terry McGinness to general manager, systems.

CARBO has made the following appointments in the group's drainage products subsidiary – Polybau – of Mr Graham Martin-Loat as sales director and Mr Brian James as production director. Mr Martin-Loat was previously sales manager at Blanc de Bierges and Mr James was employed in the Carborundum abrasives division.

■ Mr Jim Banks has been appointed financial director of NEBRAK, Newton Abbot.

Mr John Cheese *(above)* has been appointed personal sector marketing director of BARCLAYS BANK from March 20. He is managing director of Globecon Group Europe.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	45.36	45.36xd	48.52	-0.48	5.65
Gilts & Fixed Int	6	113.60	113.60	120.60	-0.7	8.29
High Inc Equity	6	129.20	128.40	136.50	-2.1	4.36
Worldwide Bond	6	185.98	185.98	197.10	-0.6	4.92
Capital Growth						
American Growth	6	154.50	154.50xd	165.30	-2.2	1.32
Asian Pacific	6	80.80	80.80	86.42	-0.71	1.25
Assets & Earnings	6	152.70	152.70	163.40	-0.7	2.42
Capital Reserve Acc	0	83.26	83.26	83.27	-0.02	4.80
Comdty & Energy	6	92.66	92.66	99.040	-1.86	0.00
1992 Enterprise	6	52.53	53.90	57.34	-0.45	3.14
European Capital	6	76.28	76.28	81.59	-0.02	0.92
General	6	165.20	168.30xd	179.00	-2.6	2.51
Japan	6	108.30	108.20	115.00	-0.7	0.00
Mastertrust	6	78.21	78.21	83.65	-0.57	1.76
UK Growth Acc	6	194.20	194.20	207.00	-0.2	1.64
UK Growth Dist	6	130.40	130.40	139.50	-0.1	2.44
US Emerging Cos	6	45.48	45.48	48.65	-1.69	0.00
Income & Growth	6	273.70	280.20	298.00	-3.00	3.19
Ethical	6	46.94	48.15	51.22	-0.57	2.44

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	42.15	42.13	44.82	-0.33	1.80
Australian	5¼	21.57	21.57	22.95	-0.56	1.25
European	5¼	51.90	51.90	55.21	-0.04	0.00
Extra Income	5	41.25	41.25	43.78	-0.36	5.06
Fund Inv Tst	5	113.8	113.8	121.1	-1.3	2.07
Do Accum	5	173.5	173.5	184.6	-1.9	2.07
Gilt & Fixed Int	5¼	21.96	21.96	23.36	-0.03	10.04
Global Income	5¼	38.42	38.42	40.87	-0.45	4.94
Income & Growth	5¼	69.54	69.54xd	73.98	-1.19	3.90
Japan	5¼	177.6	177.6	188.9	-0.63	0.01
Nth Amer Inc Icl	5	25.94	25.94	27.53	-0.16	4.02
Special Situations	5¼	68.97	68.97	73.37	-0.80	1.00
UK Growth	5	35.19	35.19	37.35	-0.36	2.63
World Grth	5	45.06	45.06	47.83	-0.23	0.47
Formerly Sentinel Funds Management Ltd						
American Majors	5¼	58.88	58.88xd	62.65	-0.67	1.82
Amer Tech & Gen	5¼	99.13	99.13	105.8	-0.67	0.00
European Growth	5¼	35.43	35.43	37.82	-0.28	0.00

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GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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FT UNIT TRUST INFORMATION SERVICE

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	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Convtbl & Equity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
European	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Far Eastern	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Growth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc				
City of Edinburgh Life Assurance				
Devonshire Life				
Assicurazioni GENERALI SpA				
Irish Life Assurance Co Plc—Contd.				
M & G Life and M & G Pensions—Contd.				
NEL Britannia Assce Co Ltd				

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (**)

Prices quoted are for Accumulation units

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FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

OTHER OFFSHORE FUNDS

LUXEMBOURG (**)

OFFSHORE INSURANCES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988/89 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
101	98	Treas 9½pc Cnv 1989	99		9.54	12.25
98	95	Treas 3pc 1989	96½		3.04	9.71
102	98	Treas 10½pc 1989	99		10.57	12.73
102	98	Exch. 10pc 1989	98		10.41	12.73
103	98	Exch 11pc 1989	99		11.10	12.76
97	94	Treas 5pc 1986-89	96		5.17	10.53
104	98	Exch 10½pc Cv '89	99		10.71	11.00
107½	100	Treas 13pc 1990	100		12.91	12.11
104	99	Exch 11pc 1990	99		11.10	12.05
107	100	Exch 12½pc 1990	100		12.44	12.04
93	90	Treas 3pc 1990	92		3.24	9.78
99	95	Treas 8¼pc 1987-90	96		8.56	11.49
102	95	Treas 8pc Cv 1990	97		8.25	10.43
103	97	Treas 10pc Cv 1990	97		10.26	11.71
91	87	Exch 2½pc 1990	89		2.79	9.19
107	100	Treas 11¾pc 1991	100		11.72	11.58
95	89	Funding 5¾pc '87-91	90		6.33	10.72
90	86	Treas 3pc 1991	87		3.43	9.38
105	97	Treas 10pc Cv '91	98		10.16	10.75
107	98	Exch. 11pc 1991	99		11.06	11.22
99	91	Treas. 8pc 1991	92		8.65	13.19
115	103	Treas 12¾pc 1992	104		12.21	10.91
104	96	Treas 10pc 1992	97		10.25	10.99
98	91	Treas. 8pc 1992	92		8.68	11.01
106	98	Treas 10½pc Cv 1992	98		10.62	10.91
86	81	Treas. 3pc 1992	83		3.57	8.72
112	102	Exch 12¼pc '92	103		11.89	10.91
117	106	Exch 13½pc 1992	107		12.56	10.83
97	91	Treas 8¼pc 1993	92		8.95	10.71
105	96	Treas 10pc 1993	98		10.20	10.58
113	105	Treas 12½pc 1993	106		11.75	10.03
93	85	Funding 6pc 1993	86		6.92	9.66
121	110	Treas 13¾pc 1993	111		12.34	10.59
101	90	Treas 8½pc 1994	92		9.23	10.58

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. Conversion factor 3.945. RPI for January 1989: 111.0

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

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CANADIANS

1988/89 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
309p	132p	♥ABM Gold Corp ‡	154p	-5	-	-	-
32p	4½p	♥Abbot Energy Corp	13¼p	.....	-	-	-
14¼	882p	♥Amer. Barrick Res	12½	-⅛	-	-	-
10p	2½p	♥Amer. Lightwave ‡	2½p	.....	-	-	-
47p	7½p	♥Armeno	16½p	.....	-	-	-
125p	83p	♥Asiamerica ‡	108p	.....	-	-	-
76p	23p	♥Augmitto Expln.	23½p	-½	-	-	-
14⅝	10⅜	Bk. Montreal ‡	13⅛	-⅛	$2.12	-	7.5
769p	514p	Bk. Nova Scot. ‡	632p	-7	84c	-	5.9
18¼	15¼	BCE ‡	17⅝	-⅛	$2.44	-	6.7
716p	527p	♥Bow Valley ‡	670p	-1	43c	-	2.9
14¼	10½	♥Brascan ‡	13	.....	88c	-	3.3
328p	177p	♥Breakwater Res	197p	.....	10c	-	2.4
13¼	801p	Can Imp Bank ‡	11⅛	-⅛	$1.15	-	4.7
12¼	641p	Can. Pacific ‡	10⅝	-⅛	76c	-	3.4
41½	38½	Do. 4pc Deb £100	38½	.....	4%	-	10.4
515p	357p	Central Capital "A" ‡	397p	-5	-	-	-
485p	313p	♥Corona Corp.	439p	-5	-	-	-
886p	228p	♥Coms TVX Min	314p	-1	-	-	-
37½p	21p	♥Danbus Mem. Syst. ‡	22p	+1	-	-	-
686p	430p	♥Derlan Inds ‡	587p	-1	11.75c	-	1.0
14⅛	746p	♥Echo Bay Mines	902p	-7	$0.07	-	0.4
839p	249p	♥EGO Corp ‡	445p	-12	-	-	-
40p	11½p	♥Energex Minerals ‡	11p	.....	-	-	-
		For Euro-Asia see Asiamerica					
386p	196p	♥Galactic Resources	216p	.....	-	-	-
423p	267p	Gandalf Techs. Inc.	261p	-7	-	-	-
125p	40p	♥Geodome Res	40p	-5	-	-	-
394p	141p	♥Granges Explo ‡	164p	.....	-	-	-
23p	4½p	♥Gt. Pacific Res.	23p	+2	-	-	-
903p	576p	♥Gulf Canada ‡	670p	-7	52c	-	3.7
12⅛	816p	♥Hawker Sid Can ‡	11⅝	-⅛	$1.08	-	4.5
590p	344p	♥Henlys Group	445p	.....	-	-	-
12½	785p	♥Hudson's Bay ‡	12⅞	.....	60c	-	2.4
28¾	20⅛	♥Imperial Oil ‡	23¼	-⅛	$1.80	-	3.7
20⅞	10⅛	Inco ‡	16⅝	-⅛	US$0.90	-	2.7
718p	462p	♥Inland Nat. Gas $1	617p	-1	60c	-	4.7
250p	100p	♥Madeleine Mines	133p	.....	-	-	-
267p	126p	♥Muscocho Expln.	171p	.....	-	-	-
187p	41½p	♥Nini Business Syst. ‡	41½p	.....	-	-	-
245p	85½p	♥Nevada Goldfields	110p	+14	-	-	-
12⅛	787p	♥Rio Algom	11⅛	.....	$1.30	-	5.5
19½	11½	Royal Bk. Can. ‡	17⅛	-⅛	$2.20	-	6.0
40⅞	26⅝	Seagram ‡	37¼	-⅛	US$1.20	-	1.8
361p	74½p	♥Sonora Gold Corp ‡	112p	+5	-	-	-
121p	18p	♥Spiral Eng ‡	76p	-2	-	-	-
150p	35p	♥Tam Pure Tech. Corp ‡	104p	.....	-	-	-
19¼	11⅞	Toronto-Dom. Bk ‡	17½	-⅛	$1.12	-	3.1
746p	566p	♥Trans Can Pipe.	704p	-13	68c	-	4.6
205p	127p	Varity Corp ‡	164p	.....	-	-	-

BANKS, HP & LEASING

1988/89 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
278	124	ANZ $A1	247	-4	034½c	2.0	6.8	7.2
284	180	Allied Irish	279	-1	9%	3.1	5.5	9.6
£13¼	£10⅛	Algemene Fl.10	£11⅛	+⅛	027%	1.9	6.7	-
73	56	Anglo Irish	70	.....	9.69%	1.2	6.5	19.9
90	64	Ansbacher (H.) 1p	77	.....	2.0	-	3.5	-
£52⅝	£28¾	B'caire Cie Fr100	£47	.....	010%	-	1.9	-
£40½	£34⅛	Banco Bilbao Viz.	£39½	.....	057%	-	3.1	-
£36	£27½	Banco de Santander	£29¼	+⅛	021%	2.4	2.6	15.8
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا من الأصل

هكذا من الأصل

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

	6Do. Wrnts	15
6½	2Wilton Group 1p	3½

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ◆ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♠ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ...v	80	......
Craig & Rose £1 ..v	710	......
Finlay Pkg. 5p v	93	......
Holt (Jos) 25p v	1243	+8

IRISH

Cap. 8½% Ln. 1991 ..	£99¾	......
9pc Cap Ln. 1996 ..	£99¾	......
Fin. 13% 97/02 ...	£121	......
Arnotts	420	-5
Carroll (P.J.) v	156	-1
Hall (R. & H.) ..	180	......
Heiton Hldgs v	66	-3
Irish Ropes	185	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	49
Blue Circle	39
Boots	28
Bowaters	38
Brit Aerospace	42
Brit. Telecom	22
Burton Ord	10
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	72
GEC	15
Glaxo	98
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	11
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50

Oils

Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	65
Ultramar	21

Mines

Cons Gold	100
Lonrho	36
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound begins a testing week

STERLING WEAKENED despite intervention by the Bank of England yesterday. The pound suffered from a loss of confidence ahead of tomorrow's UK trade figures, and a narrowing of London's rate advantage over Frankfurt and New York.

The West German D-Mark returned to favour as high yielding units, like sterling and the Australian and Canadian dollars, faltered.

The D-Mark also gained from speculation about a rise in interest rates at Thursdey's Bundesbank council meeting. Sterliog weakened on this threat to London's interest rate advantage, with the present week a particularly testing time for the pound.

Forecasts for tomorrow's January UK trade figures vary between a deficit of about £1bn on the curreot account to a shortfall of £2bn. If the figure is in the region of £2bn it will almost certainly put further pressure on the pound.

Sterling opened weak and soon tested a major support point of DM3.18. The pound was below this level before lunch, and continned to decline in the afternoon. The Bank of England intervened three times, according to dealers, buying sterling against the D-Mark and the US dollar. The intervention was not heavy, however, and was regarded by some as a warning not to go short of the pound at the present level.

If the current account deficit is towards the lower end of the forecast range the pound is likely to rally, and if it is not the Bank of England has plentiful reserves, plus the weapon of higher interest rates, to defend sterling.

After touching a low of DM3.1650, the pound finished at its lowest closing level against the D-Mark since late November, at DM3.1700, compared with DM3.1950 on Friday. Sterling also fell 80 points to $1.7450 and declined to Y220.75 from Y221.25; to SFr2.7075 from SFr2.7275; and to FFr10.7975 from FFr10.8900. According to the Bank of England the pound's exchange rate index fell 0.8 to 95.7.

Other high yielding currencies were also weak. The US Federal Reserve intervened in New York, to support the Australian dollar, on behalf of the Reserve Bank of Australia. The Australian dollar was around 79.35 US cents at the time of the intervention, compared with 81.70 cents in late Sydney trading.

The Canadian dollar lost ground, with the US dollar rising to C$1.2030 at the London close, from C$1.1985 on Friday, amid speculation that Canadian interest rates will be forced higher to match last week's rise in US rates.

The rise in the US discount rate last Friday failed to support the US dollar. It was regarded as too little, too late, and may be offset by higher European interest rates this week. Japanese rates are not expected to rise however, and this was reflected in yesterday's movements on the foreign exchanges. The dollar fell to DM1.8170 from DM1.8230; to SFr1.5520 from SFr1.5565; and to FFr6.1875 from FFr6.2125, but rose to Y126.50 from Y126.25. On Bank of Eogland figures the dollar's index was unchanged at 66.6.

£ IN NEW YORK

Feb.27	Latest	Previous Close
£ Spot	1.7460-1.7470	1.7560-1.7570
1 month	0.48-0.47pm	0.44-0.41pm
3 months	1.39-1.36pm	1.25-1.30pm
12 months	3.72-3.65pm	3.62-3.57pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.27	Previous
8.30 am	96.2	96.7
9.00 am	96.2	96.8
10.00 am	96.2	96.7
11.00 am	96.0	96.8
Noon	96.1	96.7
1.00 pm	95.9	96.7
2.00 pm	96.0	96.6
3.00 pm	96.0	96.6
4.00 pm	95.7	96.5

CURRENCY RATES

Feb.27	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.754443	0.653851
U.S Dollar	7	1.32435	1.14522
Canadian S	11.54	1.58710	1.37644
Austrian Sch.	4	17.0232	14.5993
Belgian Franc	7.75	50.7888	43.5241
Danish Krone	7½	9.43599	8.08754
Deutsche Mark	4	2.42184	2.07457
Neth.Guilder	5.00	2.73280	2.34220
French Franc	9½	8.25269	7.07288
Italian Lira	12½	1784.23	1533.11
Japanese Yen	2½	N/A	144.469
Norway Krone	8	8.84136	7.62201
Spanish Peseta	-	151.904	130.498
Swedish Krona	8½	8.31957	7.16278
Swiss Franc	4	2.06466	1.77165
Greek Drach.	20½	N/A	174.566
Irish Punt	-	N/A	0.778690

*All SDR rates are for Feb.24

CURRENCY MOVEMENTS

Feb.27	Bank of England Index	Morgan** Guaranty Changes %
Sterling	95.7	-15.4
U.S Dollar	66.6	+11.8
Canadian Dollar	100.7	-1.6
Austrian Schilling	106.8	+9.8
Belgian Franc	106.1	-6.1
Danish Krone	103.6	-1.7
Deutsche Mark	113.4	+20.9
Swiss Franc	108.7	+17.8
Guilder	110.6	+13.2
French Franc	99.3	-15.6
Lira	97.4	-20.4
Yen	151.7	+85.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)**Rates are for Feb.24.

OTHER CURRENCIES

Feb.27	£	$
Argentina	31.8400-32.0500	18.2100-18.3200
Australia	2.1965-2.1995	1.2555-1.2570
Brazil	1.7400-1.7500	0.9950-1.0000
Finland	7.4260-7.4390	4.2575-4.2595
Greece	266.00-270.50	151.70-154.15
Hong Kong	13.6185-13.6355	7.7980-7.8000
Iran	122.10*	69.00*
Korea(Sth)	1179.80-1189.30	671.10-676.50
Kuwait	0.50215-0.50335	0.28755-0.28765
Luxembourg	66.50-66.60	38.10-38.20
Malaysia	4.7590-4.7705	2.7300-2.7320
Mexico	4108.00-4145.75	2350.00-2358.00
N. Zealand	2.7940-2.7990	1.6000-1.6025
Saudi Ar.	6.5570-6.5680	3.7500-3.7510
Singapore	3.3600-3.3660	1.9250-1.9270
S. Af (Cm)	4.3255-4.3370	2.4785-2.4815
S. Af (Fn)	6.8470-6.9840	3.9215-4.0000
Taiwan	48.55-48.80	27.70-27.80
U.A.E.	6.4205-6.4335	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Feb.27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5241	+2.51	+0.82	±1.5344
Danish Krone	7.85212	8.08754	+3.00	+1.31	±1.5404
German D-Mark	2.05853	2.07457	+0.78	-0.91	±1.0981
French Franc	6.90403	7.07288	+2.45	+0.76	±1.3674
Dutch Guilder	2.31943	2.34220	+0.98	-0.71	±1.5012
Irish Punt	0.768411	0.778690	+1.34	-0.35	±1.6684
Italian Lira	1483.58	1533.11	+3.34	+2.25	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Feb.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7420-1.7575	1.7445-1.7455	0.44-0.41cpm	2.92	1.26-1.21pm	2.83
Canada	2.0955-2.1060	2.0965-2.0975	0.27-0.17cpm	1.26	0.60-0.45pm	1.00
Netherlands	3.57¼-3.60	3.57¼-3.58¼	1⅝-1⅝cpm	5.86	5¼-5pm	5.72
Belgium	66.30-66.90	66.50-66.60	30-24cpm	4.87	82-74pm	4.69
Denmark	12.35½-12.43¼	12.35½-12.36½	5½-5orepm	5.10	14¼-14pm	4.65
Ireland	1.1890-1.1960	1.1910-1.1920	0.60-0.55cpm	5.79	1.55-1.45pm	5.04
W. Germany	3.16½-3.19	3.16¾-3.17¼	1⅝-1⅝pfpm	6.39	4⅞-4⅝pm	5.99
Portugal	261.10-264.00	261.10-262.10	21-16cpm	0.85	66-25pm	0.70
Spain	199.10-200.90	199.40-199.70	17-7cpm	0.72	21-9pm	0.30
Italy	2333¾-2353¾	2336½-2337½	3-parlirepm	0.77	5-2pm	0.60
Norway	11.63¾-11.69	11.64¾-11.65¾	1⅝-1⅛orepm	1.42	5⅛-4¼pm	1.74
France	10.79¾-10.89	10.79¾-10.80¾	3¼-2⅞cpm	3.33	0⅞-8⅜pm	3.24
Sweden	10.93-10.99	10.93½-10.94½	1⅝-1¼orepm	1.37	4½-3¾pm	1.51
Japan	220¼-221½	220¼-221¼	1⅝-1½ypm	0.49	4⅝-4⅜pm	8.15
Austria	22.26-22.42	22.34-22.37	12½-11⅝gropm	6.48	35-32¼pm	6.01
Switzerland	2.70¼-2.72½	2.70¾-2.71¼	1⅝-1½cpm	7.20	4⅛-4½pm	6.83

Belgian rate is convertible francs. Financial franc 66.70-66.80. Six-month forward dollar 2.36-2.33cpm 12 months 3.75-3.65cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7420-1.7575	1.7445-1.7455	0.44-0.41cpm	2.92	1.26-1.21pm	2.83
Ireland†	1.4620-1.4720	1.4640-1.4660	0.31-0.36cdis	-2.33	0.76-0.86dis	-2.21
Canada	1.1965-1.2030	1.2025-1.2035	0.15-0.18cdis	-1.65	0.53-0.58dis	-1.85
Netherlands	2.0400-2.0560	2.0520-2.0530	0.53-0.50cpm	3.01	1.49-1.45pm	2.87
Belgium	37.90-38.20	38.10-38.20	7.00-5.00cpm	1.89	19.00-16.00pm	1.84
Denmark	7.05-7.08½	7.08-7.08½	1.45-1.10orepm	2.16	3.50-3.00pm	1.84
W. Germany	1.8085-1.8210	1.8165-1.8175	0.52-0.50pfpm	3.37	1.44-1.41pm	3.14
Portugal	150-150¾	150½-150¾	20-40cdis	-3.19	65-115dis	-2.39
Spain	113.50-114.40	114.30-114.40	25-30cdis	-2.89	81-88dis	-2.96
Italy	1337-1341½	1339-1339½	1.90-2.60liredis	-2.02	6.20-6.90dis	-1.96
Norway	6.64½-6.67¾	6.67¼-6.67¾	0.60-0.95oredis	-1.40	1.65-2.05dis	-1.11

FINANCIAL FUTURES

Active trade as sterling falls

TRADING WAS very active on Liffe yesterday. The fotures market saw turnover of more than 125,000 contracts, with short sterling showing record volume of an estimated 51,565 lots, against the previous peak of 47,161 on November 25.

The earlier record was achieved at a time when the pound was rising sharply against the D-Mark, but yesterday's high volume was for the opposite reason.

Confidance evaporated as sterling lost ground on the foreign exchanges. Short sterling futures, for March delivery, fell to 86.46 from 86.77. The close was only slightly off the day's low of 86.40, and discounts a Libor rate of over 13½ per cent at delivery on March 15. The closing level of 86.63 for June discounts a Libor rate of only just under 13¼ per cent at delivery, compared with the present base rate level of 13 per cent.

Dealers said the present mood of pessimism may turn out to be just as overdone as the optimism in late January, when March short sterling discounted a fall in base rates before delivery.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
94	329	446	17	26
95	241	360	29	40
96	159	314	47	58
97	122	236	110	116
98	57	200	143	144
99	35	134	223	214
100	22	109	310	253

Estimated volume total, Calls 1877 Puts 550
Previous day's open int. Calls 15045 Puts 10531

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
82	600	630	16	46
84	419	461	35	113
86	253	337	105	153
88	139	232	135	248
90	50	139	302	365
92	25	102	441	518
94	12	42	628	658

Estimated volume total, Calls 100 Puts 10
Previous day's open int. Calls 989 Puts 1477

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Puts-settlements Mar
18500	1546	6
19000	1070	30
19500	650	110
20000	332	292
20500	137	597
21000	45	1005
21500	11	1471

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 0 Puts 0

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

MONEY MARKETS

Pressure rises

UPWARD PRESSURE continued on world interest rates yesterday, increasing the nervousness in London, as sterling slipped quite sharply ahead of tomorrow's UK trade figures for January.

The background of rising interest rates, and fear of an increased trade deficit, were reflected in a rise to 13⅞-13$\frac{15}{16}$ per cent from 13$\frac{11}{16}$-13$\frac{13}{16}$ per cent in three-month sterling interbank yesterday.

UK clearing bank base lending rate
13 per cent
from November 25

In Frankfurt the West German Bundesbank calmed the money market with extra liquidity via an unexpected nine-day securities repurchase agreement tender at no fixed rate. This added DM3.9bn to the market, with banks bidding around the 6 per cent Lombard emergency financing rate.

The move was seen as an attempt to stem borrowing by the banks under the Lombard facility, as speculation increased that Thursday's Bundesbank council meeting will result in a rise in West German interest rates.

In Brossels the Belgian National Bank raised its key three-month Treasury certificate rate by 0.10 per cent to 8.40 per cent. This followed a similar rise last Friday, and takes the three-month rate 0.15 per cent above tbe central bank's 8.25 per cent discount rate.

In Paris the Bank of France left its money market intervention rate at 8.25 per cent, when injecting liquidity through a securities repurchase agreement tender. The rate on five to 10-day repurchases, an emergency funding facility, was unchanged at 9 per cent.

In New York the Federal Reserve added liquidity to the banking system, via $2bn of cnstomer repurchase agreements, when Federal funds were trading at 9$\frac{11}{16}$ per cent. This was seen as a move to halt the upward trend in Fed funds, which tonched 10 per cent yesterday.

In London the Bank of England initially forecast a money market credit surplus of around £500m, but revised this to £600m at noon, and back to £500m in the afternoon.

Before lunch the anthorities absorbed surplus funds by selling £517m Treasury bills due today, at rates of 11$\frac{15}{16}$ to 12 per cent. There was no further intervention in the afternooo.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £749m. This factor was outweighed by Exchequer transactions adding £640m to liquidity, a fall in the note circulation of £445m, and bank balances above target of £165m.

FT LONDON INTERBANK FIXING

MONEY RATES

Feb.27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	5.95-6.05	5.90-6.10	6.50-6.70	6.70-6.90	6.90-7.10	6.00
Paris	8$\frac{11}{16}$-9¼	9⅛-9⅜	9½-9⅝	9⅝-9¾	9¾-9⅞	7.25
Zurich	4¾-5¼	5¾-6	-	6-6¼	-	-
Amsterdam	6.68-6.81	6.90-7.00	-	7.08-7.18	-	-
Tokyo	4-4⅛	4$\frac{11}{16}$-4$\frac{13}{16}$	-	4⅝-4$\frac{13}{16}$	-	-
Milan	11⅞-12⅜	12-12½	-	12¼-12¾	-	-
Brussels	3.10	8⅜-8⅝	-	8½-8⅝	-	-
Dublin	7¼-7½	7⅝-7⅞	7⅞-8⅛	8⅛-8⅜	8⅜-8⅞	-

LONDON MONEY RATES

Feb.27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14½	12¼	13	13$\frac{15}{16}$	13⅞	13¾
Interbank Bid	10¾	11⅞	12$\frac{13}{16}$	13⅝	13⅝	13⅝
Sterling CDs	-	-	12⅞	13¾	13⅝	13⅝
Local Authority Deps.	11	11½	12¾	13	13¼	13
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	13½	12	12⅝	12¾	-	-
Company Deposits	-	-	12¾	13¼	13¼	13¼
Finance House Deposits	-	-	12$\frac{13}{16}$	13¼	13½	13⅞
Treasury Bills (Buy)	-	-	12$\frac{13}{16}$	12⅝	-	-
Bank Bills (Buy)	-	-	12$\frac{13}{16}$	12$\frac{13}{16}$	12$\frac{13}{16}$	-
Fine Trade Bills (Buy)	-	-	13$\frac{5}{16}$	13⅛	13⅛	-
Dollar CDs	-	-	9.975	10.225	10.375	10.675
SDR Linked Dep Offer	-	-	8¼	8½	8⅝	8$\frac{11}{16}$
SDR Linked Dep Bid	-	-	8	8¼	8⅜	8$\frac{7}{16}$
ECU Linked Dep Offer	-	-	8⅞	9¼	9½	9⅝
ECU Linked Dep Bid	-	-	8⅝	9⅛	9⅜	9½

Treasury Bills (sell); one-month 12$\frac{11}{16}$ per cent; three months 12½ per cent; Bank Bills (sell); one-month 12$\frac{23}{32}$ per cent; three months 12¾ per cent; Treasury Bills; Average tender rate of discount 12.5059 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1989. Agreed rates for period March 26, 1989 to April 25, 1989, Scheme I: 13.90 p.c., Schemes II & III: 14.29 p.c. Reference rate for period February 1 to February 28, 1989, Scheme IV&V: 13.041 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13½ from February 1, 1989; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1, 1988. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

Bank	%	Bank	%	Bank	%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm.Bk.N.East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Citibank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit. Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	§13.95		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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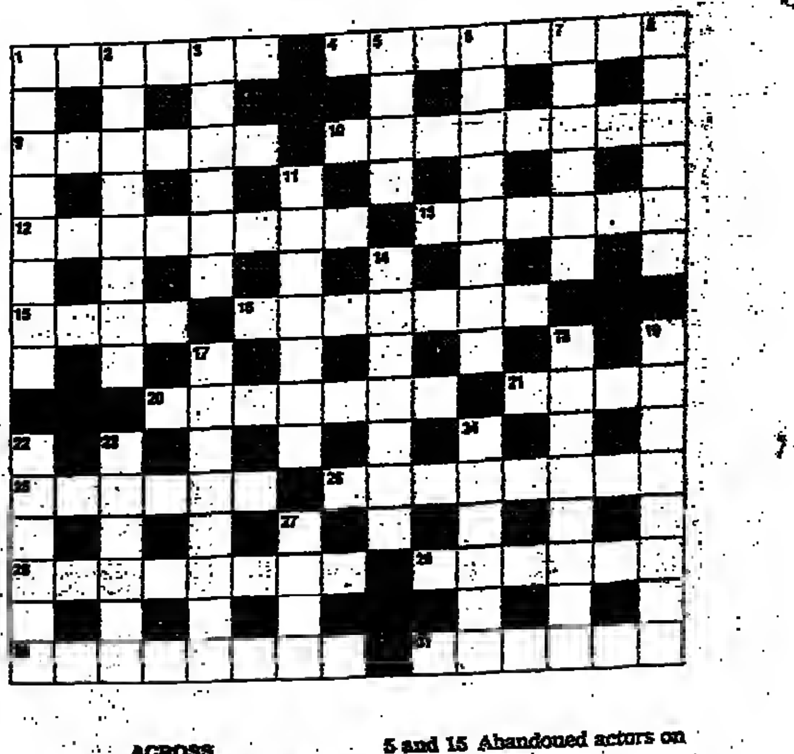
CROSSWORD

No.6,872 Set by FRESCA



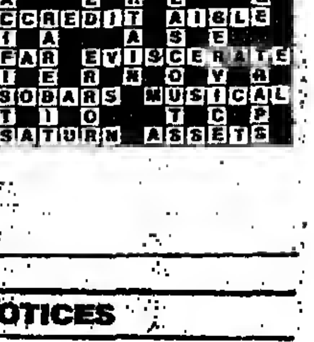
ACROSS

1 Sir Henry – m-music maker? (6)
4 Plant needing a container like this? (8)
9 Go round to view ring in royal gallery (6)
10 Snake gets on wrong train, one hopes (8)
12 Extra-terrestrial one taking leave after mischief doer makes complaint (8)
13 Acrimonious marsh bird, tailless (6)
15 See 5
16 Mingled with a zodiac sign it is most insubstantial (7)
20 Scholar locked in an outhouse, embarrassed (7)
21 See 27
25 Tree yielding one current after another – a very good return! (6)
26 Hygiene problem approved – quite unusual in such a shop (8)
28 Symbolic tale puts everybody on line, self included (8)
29 Youngster to sit (fidgeting) for painter (6)
30 Chance of involving fish in stress (8)
31 Sports equipment takes off on fifth of August (6)

DOWN

1 Mum managed to cover fastener with almond paste (8)
2 Coming in together at a plangent sound from drum (8)
3 Clever representation of statue (6)
5 and 15 Abandoned actors on holiday? (4,4)
6 Most curious about one that is surpassingly uproarious (8)
7 A warm place, though hard, this planet (6)
8 Lampoon South African flag? (6)
11 A win to good man in opposition (7)
14 Flight director? (7)
17 Contracted to get brigade redeployed across Land's End (8)
18 Princess's hushed restlessness? (8)
19 A call for help to bury top hazardous material (8)
22 Embargo on a North American fruit (6)
23 New cigar – about a pound – it's very pungent (6)
24 Came out and attacked (6)
27 and 21 Alcoholic drinks corn product and expires (8)

Solution to Puzzle No.6,871



WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | FRANCE (continued) | GERMANY (continued) | ITALY | ITALY (continued) | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | JAPAN | AUSTRALIA (continued) | AUSTRALIA | HONG KONG | SINGAPORE

CANADA

TORONTO
2pm prices February 27
Quotations in cents unless marked $

INDICES

NEW YORK DOW JONES

	Feb 24	Feb 23	Feb 22	Feb 21	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
‡Industrials	2245.54	2289.46	2233.93	2326.43	2347.14 (7/2/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.11	88.27	88.28	88.48	91.25 (3/3/88)	86.12 (4/1/88)	-	-
Transport	1071.96	1078.10	1069.21	1082.15	1087.97 (7/2/89)	737.57 (21/1/88)	1101.16 (24/8/87)	12.32 (8/7/32)
Utilities	181.84	184.51	183.62	185.51	191.15 (24/1/89)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

‡Day's High 2291.79 (2295.72) Low 2242.68 (2266.96)

STANDARD AND POOR'S	Feb 24	Feb 23	Feb 22	Feb 21	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite ‡	287.13	292.05	290.91	295.98	299.63 (7/2/89)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	331.33	337.16	335.80	342.07	346.41 (7/2/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	26.03	26.49	26.42	26.91	27.24 (7/2/89)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	161.72	164.09	163.55	166.06	168.02 (7/2/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	321.49	323.23	321.88	324.86	327.23 (8/2/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	399.96	403.07	402.49	406.38	409.19 (7/2/89)	331.97 (12/1/88)	455.28 (26/8/87)	54.87 (31/10/72)

	Feb 10	Feb 3	Jan 27	year ago (approx.)
Dow Industrial Div. Yield	3.63	3.45	3.46	3.48

	Feb 22	Feb 15	Feb 8	year ago (approx.)
S & P Industrial div. yield	3.18	3.13	3.05	2.99
S & P Indl. P/E ratio	13.48	13.63	13.85	14.92

TRADING ACTIVITY † Volume Millions

	Feb 24	Feb 23	Feb 22
New York	160 680	150 370	163,140
Amex	10 875	11 720	19 128
OTC	122 908	116 856	129 516

NEW YORK	Feb 24	Feb 23	Feb 22
Issues Traded	(u)	1,923	1,961
Rises	249	738	321
Falls	1,031	684	1,196
Unchanged	(u)	501	444
New Highs	(u)	24	18
New Lows	(u)	22	12

CANADA

TORONTO	Feb 24	Feb 23	Feb 22	Feb 21	1988/89 High	1988/89 Low
Metals & Minerals	3373.9	3424.5	3426.9	3456.3	3564.9 (6/2/89)	2238.7 (8/2/88)
Composite	3562.0	3588.4	3584.1	3603.3	3696.1 (8/2/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1758.59	1776.27	1776.27	1791.42	1850.44 (8/2/89)	1305.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Emhart	(u)	39⅞	+ 7½	Santa Fe	(u)	23⅝	+ 1⅛
Storage Technology	(u)	1⅞	- ½	West Point-Pepperell	(u)	57⅛	—
Texas Util	(u)	25½	— ⅞	General Electric	(u)	45⅛	- ⅜
IBM	(u)	121⅛	- 2⅛	Pan Am	(u)	3⅞	- ⅛
AT&T	(u)	29⅞	— ⅛	NWA	(u)	72⅞	+ 3⅝

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

World indices

	Feb. 27	Feb. 24	Feb. 23	Feb. 22	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1470.0	1486.2	1478.7	1492.9	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	687.6	696.2	680.8	689.7	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	246.89	248.59	247.21	247.21	248.59 (24/2/89)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/84)	5574.84	5679.29	5698.47	5765.02	5834.01(10/2/89)	3608.35(4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	275.49	282.11	283.52	287.78	291.83 (10/2/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	775.4	779.7	778.9	780.8	784.2 (20/2/89)	530.6(15/1/88)
FRANCE						
CAC General (31/12/82)	420.4	430.9	431.7	445.9	457.1(13/2/89)	251.3 (29/1/88)
Ind. Tendance(30/12/88)	97.5	100.2	100.6	103.7	108.1(13/2/89)	97.5 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	535.78	541.96	537.44	547.66	569.27(8/2/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1595.7	1614.5	1602.5	1632.1	1705.6(5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1276.80	1288.04	1271.70	1292.17	1371.10(5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	3064.18	3114.23	3125.20	3161.56	3209.96 (9/2/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	578.69	586.40	593.97	592.71	615.89 (17/1/89)	423.91 (9/2/88)
JAPAN						
Nikkei (16/5/49)	32285.77	(c)	32452.49	32311.9	32452.49(23/2/89)	21217.04 (6/1/88)
Tokyo SE (Topix) (4/1/68)	2468.97	(c)	2487.24	2472.04	2490.07(8/2/89)	1690.44 (4/1/88)
NETHERLANDS						
ANP-CBS General (1970)	297.0	302.8	301.9	306.4	310.7 (8/2/89)	205.7 (4/1/88)
ANP-CBS Industrial (1970)	258.0	263.2	263.3	266.8	272.7 (8/2/89)	157.9 (11/1/88)
NORWAY						
Oslo SE (4/1/83)	550.63	560.16	564.51	570.52	570.52 (22/2/89)	327.78 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1120.22	1135.31	1134.42	1138.75	1177.87 (8/8/88)	833.60(4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1443.0‡	1399.0	1374.0	1357.0	1451.0 (7/7/88)	1154.0 (4/5/88)
JSE Industrial (28/9/78)	2257.0‡	2258.0	2254.0	2253.0	2258.0 (24/2/89)	1327.0 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	270.83	272.54	273.36	274.10	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	3641.9	3639.2	3705.8	3730.0	3730.0 (22/2/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	629.6	644.3	643.8	652.1	652.1 (22/2/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	512.8	516.1	513.7	519.0 (19/2/89)	401.0 (21/1/88)

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks
Monday 27 February 1989

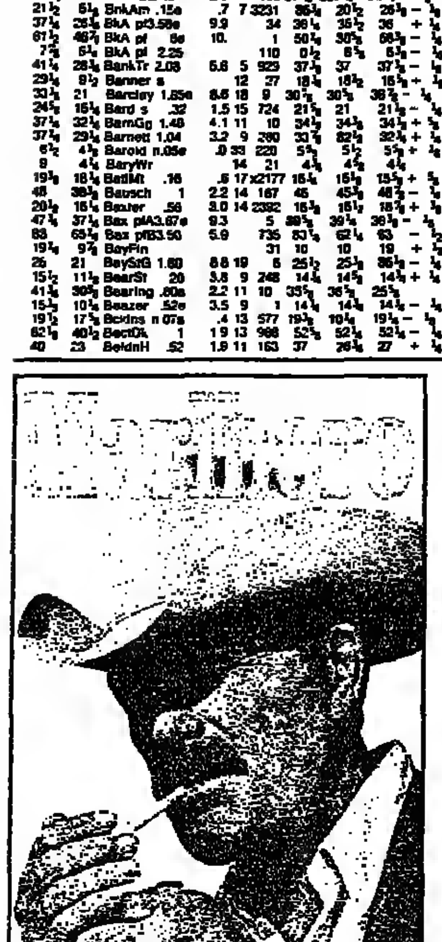
	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Toshiba	64.3m	1,270	+ 10	Sumitomo Metal	31.5m	882	-12
Fuji Electric	57.2m	1,140	+ 50	Mitsubishi Heavy	31.5m	1,190	-20
Kobe Steel	36.8m	890	-10	Nisshin Steel	29.8m	1,250	+ 20
Mitsubishi Electric Co	32.4m	1,180	-10	Nippon Steel	28.6m	989	-6
Sanyo Electric	31.9m	855	+ 13	Nissan Motor	28.1m	1,500	uch

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

2pm prices February 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28⅝	20¾	AAR	.44	1.7	16	231	26½	26¼	26¼	-½
10⅝	3⅝	ACM n	1.01	11.		58	9	8⅞	9	+½
12½	10¼	ACMIn	1.26a	12.		441	11	10⅞	10⅞	
10¾	8½	ACM M	n1.01	11.		87	9⅛	9½	9½	
12⅛	10¼	ACM Sc	1.28	12.		547	10¼	10½	10½	
10½	6½	ACMSp	n.75e	8.6		407	8⅞	8¾	8¾	
5¾	2½	AMCA	.12e	2.9		40	4⅛	4⅛	4⅛	
6⅛	3⅝	AM Intl				164	5⅝	5½	5½	
23⅛	18½	AM Int pf	2	8.8		35	23	22¾	22¾	-⅛
82¼	37¼	AMR			8	6116	81¼	80⅛	81	+⅝
26½	25	ANR pf	2.67	11.		1	25½	25½	25½	
9½	5	ARX				168	5¼	5	5⅛	
48¾	35¼	ASA	3a	7.5		1027	40	39¼	39⅞	+¼
20¾	14¾	AVX	.24	1.3	9	63	18	17¾	18	
52½	42⅞	AbtLab	1.20	2.3	18	5196	52½	51½	51⅞	+⅝
20⅛	15⅝	Abitibi g	1			37	17⅝	17⅛	17½	
13⅞	7½	AcmeC	.40	3.5		111	11⅞	11¾	11⅞	-⅛
9½	5⅞	AcmeE	.32b	5.2	22	2	6⅛	6⅛	6⅛	-⅛
29⅝	19¼	Acuson			24	309	28⅝	28¼	28¼	+¼
17	14½	AdaEx	1.82e	12.		97	15	14⅞	14⅞	
16⅞	7¼	AMD			76	1185	8¾	8⅝	8⅝	
43½	26¾	AMD pf	3	9.3		14	32½	32¼	32¼	+¼
8½	5⅞	Adobe				157	7⅝	7½	7½	-⅛
18½	16½	Adob pf	1.84	11		3	17½	17½	17½	-⅛
21¾	20	Adob pf	2.40	12.		9	20⅝	20¼	20⅝	+½
9¾	5⅞	Advest	.12	1.5	17	109	8¼	8¼	8¼	
52½	28½	AetnLf	2.76	5.5	9	863	50¾	50⅜	50½	-⅛
44½	24	AhlPO s	.22	.5		135	40¾	40¾	40⅝	+⅛
18¾	13¾	Ahmans	.88	5.0	9	872	17⅝	17¼	17½	-¼
4⅜	2	Aileen			18	69	3¼	3½	3½	-¼
53⅜	37¾	AirPrd	1.20	2.7	11	573	45⅝	45⅛	45½	-⅜
24	13½	AirbFrt	.60	2.6	23	88	23¼	22⅝	22⅝	-¼
18	10⅞	Airgas			11	177	16¾	16⅝	16¾	+¼
20	17½	Airlease	2.40	12.	9	41	20	19¾	19⅞	-¼
9⅝	9½	AlaP dpf	.87	9.4		294	9¼	9	9¼	+⅛
26¾	15⅞	AlskAir	.20	.8	10	472	u23⅞	23⅝	23¾	-¼
18⅞	12	AlbnyIn	.25	1.4	12	137	18	17⅞	17⅞	
35¾	27¼	Alberto	.36	1.0	19	41	37¼	36½	36¾	-⅛
29⅝	20¾	AlbCulA	.36	1.2	15	4	29	29	29	
43	28⅝	Albtsn	.56	1.3	16	485	42¼	41⅝	41⅝	-⅛
36¼	25¼	Alcan s	r.68	5.0	6	1537	33¾	33⅝	33⅝	-⅝



Continued on Page 43

هكذا من الأصل

صكا امين الاصل

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
9½	6½	SCOR U.10e	1.2	6	15	8⅛	8⅛	8⅛	
9⅝	7⅜	SL Ind	.17b	2.1		1	8⅛	8⅛	8⅛	+ ⅛
48⅝	28⅝	SPSTec	1.20	2.7	23	320	u45¼	45¼	45¼	+1
44⅝	30⅛	SPX Cp	1.20	3.3	10	1379	36⅛	35⅞	36½	+ ⅛
32	19	SSMC				3636	u33⅛	33	30⅛	+1⅛
24⅝	17	Seabrd	1.04e	5.0	8	259	20⅞	20⅛	20⅞	− ⅛
15⅝	11⅞	SabnR	1.32e	11.	9	15	12⅛	12½	12⅛	− ⅛
19	13½	SignlSc			9	65	18⅛	18⅛	18⅛	+ ⅛
30¼	21⅛	SafeKn	.28	7.3	22	259	27⅞	27⅛	27⅞	+ ⅛
2⅛	8	SahCas	1.12	14.		67	8⅛	8⅛	8⅛	− ⅛
24½	19⅛	StJoLP	1.52	6.9	9	3	22⅛	22⅛	22⅛	− ⅛
27	8⅛	Salant			12	46	26½	26	26	− ½
93¼	72⅝	SallieM	.80	.9	17	964	88¼	88⅛	88⅛	+ ¼
29⅞	19⅝	Salomn	.64	2.4	15	7187	26⅛	25⅞	26⅛	+ ⅛
39½	30⅝	SDieGs	2.60	6.9	12	209	37⅝	37½	37½	− ⅛
9⅛	6½	SJuanB	.28e	3.2	20	73	8⅛	8½	8⅛	+ ⅛
15⅛	10½	SJuanR	2.25d		14	5	14⅝	14⅛	14⅝	+ ⅛
34⅛	27½	SAnlRt	2.06	7.0	19	13	29⅛	29⅛	29⅛	+ ⅛
18⅝	17¼	SFeEP	2.88	24.		68	12¼	12	12⅛	− ⅛
23⅞	20	SFePP	n2.20	9.6		300	23½	23	23¼	− ⅛
23⅞	14⅛	SFeSP				7969	u24½	23⅛	24⅛	+ ⅛
51½	35⅛	SaraLee	1.44	3.2	14	2876	45⅛	44⅛	45⅛	− ⅛
½	3-16	Savin			9	1806	⅛	11-32	⅛	
8½	4⅛	Savn	pfl.50	11.		11	7⅛	7⅛	7⅛	− ⅛
33¼	28¼	SCANA	2.46	8.0	10	2647	31	30⅛	30⅛	− ⅛
9	6⅛	Schlr	.20e	3.0		30	6⅞	6⅛	6⅛	− ⅛
[illegible]										
29	25	XTRA	pf1.94	8.5		90	29⅛	29⅛	29⅛	− ⅛
3⅛	2	Zapata				84	2⅛	2½	2½	− ⅛
27⅛	18⅝	Zayre	.40	1.7	161	2549	24⅛	24	24⅛	− ⅛
13½	15	Zemex	.40	3.8	25	8	11⅛	11¼	11⅛	− ⅛
30	16⅞	ZenithE			103	1295	20⅛	20½	20⅛	
18⅛	8½	Zenla n	.80e	7.4		135	9⅝	8⅞	9⅛	− ⅛
8	1	vjZenLb				372	2⅛	2⅛	2⅛	
21⅝	15	ZeroN	.80b	4.4	8	31	18⅞	18⅛	18⅛	
19⅞	10	Zero	.44	2.3	15	87	19	18⅞	18⅛	+ ⅛
29⅞	10	Zurmin	.66	2.6	15	378	25⅛	25⅛	25⅛	− ⅛
11¼	9⅝	Zweig	1.08e	10.		209	10⅛	10⅛	10⅛	+ ⅛
10⅛	2	ZweigT	n.24e	2.8		256	9⅛	9⅛	9⅛	− ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices February 27

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
PopeEv			1	⅛	⅛	⅛	−1-16
Presd A	.10		3	4⅞	4⅞	4⅞	− ⅛
ProsCm		7	136	7⅛	7	7⅛	+ ⅛
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 3pm prices February 27

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
[illegible]							
WolvEx			27	6¼	6½	6¼	+ ⅛
Worthg	.44	14	179	22	21⅝	21¼	+ ⅛
Wyman	.60	16	31	15⅛	14⅞	14⅞	− ⅛
−X−Y−Z−							
XL Dta		33	30	30½	30	30	− ½
XOMA			641	14⅞	14	14⅛	+ ⅛
X-Rite s	.60	16	54	10½	10	10⅛	
Xicor		9	582	7½	7⅛	7½	
Xyvsn		61	72	6½	6⅛	6½	
YelowF	.70	12	339	20⅛	20	22	+ ⅛
ZionUt	1.44		94	23⅛	22	23⅛	+1⅛

AMERICA

Dow idles as inflation and interest fears tighten grip

Wall Street

AFTER LOSSES of nearly 80 points last week, equities settled into a narrow range and the Dow Jones Industrial Average was quoted virtually unchanged from Friday's close at yesterday's midsession, *writes Janet Bush in New York.*

At 2pm, the Dow stood 1.78 points higher at 2,247.32 on moderate volume of 88m shares.

Caution was to be expected yesterday after the momentous events of last week including a larger-than-expected 0.6 per cent increase in consumer prices in January, the second tightening in the money market in two weeks and the first rise in the discount rate since last August.

This week, markets have absorbed some key economic figures against a backdrop nf greater inflation fears and higher US interest rates.

Much importance is attached to today's revision nf preliminary fnurth quarter gross national product data. Most analysts expect upward revision in both the GNP, which was reported as 2.0 per cent in preliminary figures, and the implicit price deflator which was reported to have risen by 4.7 per cent.

Forecasters are going for revised GNP growth of as much 2.6 ner cent and a revised implicit price deflator of perhaps 4.9 per cent.

Last week's drop of 3.4 per cent in the Dow was the biggest fall in e week for six months, and other leading indices suffered comparable losses as they were hit by programmed selling of large capitalisation stocks.

Secondary indices registered smaller, but still significant losses. According to figures provided by Shearson Lehman Hutton, the Value Line index fell 2 per cent, the NASDAQ index of over-the-counter issues 1.8 per cent and the AMEX index 1.4 per cent.

There sppears to be a fine balance between pessimism and optimism in the market. On one hand are those who argue that the mood is dominated by worries about higher interest rates and inflation and who point to the lack of volume when the market tried to rally last week.

On the other hand are those who helieve that the sharp pull-back last week was simply a correction to the previous strong rally and pointed to the lack of volume when the market was falling last week.

The market was somewhat enlivened yesterday by a batch of interesting corporate announcements.

U.S. Shoe slumped $6 to $19¾ as the company said that it was selling its footwear subsidiary for $422.5m to a group headed by Merrill Lynch Capital Partners. There was disappointment that the entire company was not being sold.

Whittaker added $2⅞ to $47¼ after details of its restructuring plans were announced, including a special dividend of $40 a share and substantial asset sales.

Liz Claiborne lost $⅞ to $17⅞ in over-the-counter trading after the designer and her husband said they were planning to retire in June. Earnings for 1988 announced yesterday fell 3.5 per cent while sales rose 12 per cent.

National Semicondnctor added $¼ to $8⅝ after news that Hitachi had agreed to buy its National Advanced Systems subsidiary for around $398m.

Newhall Land & Farming added $2¼ to $53⅛ as the company began a Dutch auction of as much as 10.1 per cent of its depositary units. In the offer, the company will buy back as many as 2m units at a price of between $50 and $56 each.

SSMC added $1⅝ to $33¼ as a group led by a Malaysian investor moves to increase its 9.9 per cent stake.

Canada

GOLD stocks shone out against the trend as the firmer price of bullion encouraged buying in the sector. At midday, the Toronto composite index was up 1.6 at 3,563.6 on volume of just under 11m shares.

Noranda, which has problems with a furnace at its Horne, Quebec, copper smelter, fell C$¼ to C$23⅜.

Sterling performance translates into gains

MARKETS IN PERSPECTIVE

	% change in sterling †			
	1 Week	4 Weeks	1 Year	Start of '89
Austria	+4.86	+6.33	+17.16	+8.39
Belgium	-0.12	-0.40	+9.21	+1.99
Denmark	+9.10	+9.13	+46.31	+12.24
Finland	+0.92	+9.92	+26.35	+14.18
France	-0.11	-2.81	+31.03	+2.44
West Germany	-0.10	-0.52	+9.97	-1.01
Ireland	+5.54	+6.74	+29.13	+14.19
Italy	+1.30	-0.98	+11.39	-1.61
Netherlands	+1.09	-0.19	+13.56	+4.61
Norway	+1.01	+4.41	+52.46	+24.61
Spain	+1.17	-2.43	+7.78	+0.93
Sweden	+3.39	+3.87	+42.99	+10.41
Switzerland	+0.40	-0.09	-6.26	+1.33
UK	-0.92	-0.48	+15.56	+13.01
EUROPE	-0.04	-0.55	+14.87	+6.60
Australia	+5.14	-9.62	+42.20	-1.29
Hong Kong	+2.39	+4.34	+44.82	+21.06
Japan	+1.85	+4.26	+25.74	+7.78
Malaysia	+2.63	+3.28	+42.34	+14.66
New Zealand	+0.36	+3.75	+10.47	+10.51
Singapore	+2.68	+3.66	+39.31	+18.32
Canada	-0.67	-2.37	+15.06	+7.97
USA	-1.82	-1.90	+10.63	+6.74
Mexico	-0.18	-1.28	+7.47	+1.68
South Africa	+7.13	+6.25	+5.54	+15.61
WORLD INDEX	+0.38	+1.10	+18.60	+7.29

†Based on February 24,1989
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By Hilary de Boerr

THE weakness of the pound helped cushion losses for sterling equity investors last week as gloom over global interest rates pulled leading stock markets sharply lower.

Most world equity markets actually ended last week higher in sterling terms, according to the FT-Actuaries World Indices. Leading markets were hardest hit but even they did not suffer severely after translation into the British currency.

The US saw the largest losses, falling by 1.8 per cent over the week, but that compares with a drop of 3.4 per cent in the Dow Jones Industrial Average. Sterling lost 1.3 per cent in value against the dollar last week. The UK followed the US lower with a drop of 0.9 per cent, after which came Canada, France and West Germany of the main markets.

Sterling investors in Europe benefited from the strength of the D-Mark, as the pound fell to its lowest level this year against the West German currency. That reduced their losses in Frankfurt to 0.1 per cent, compared with the 2.6 per cent loss in the FAZ index. France fell 0.11 per cent in sterling terms, against a drop in the CAC General index of 2.1 per cent.

Interest rates and inflation were the main talking points last week, and the reverberations were felt throughout the main world stock markets.

Early in the week Federal Reserve chairman Mr Alan Greenspan warned that the December increase in the US consumer price index could mean higher inflation, although his Humphrey Hawkins testimony appeared to suggest that higher interest rates were not in the pipeline. On Thursday there were signs of a further tightening of monetary policy and on Friday the discount rate was raised by half a point – not enough for some.

But inflation and interest rate news was not negative everywhere. Denmark jumped by 9.1 per cent, putting in the week'e best performance, as the latest round of wage settlements proved positive for Danish inflation. Metal workers agreed to an increase of 0.8 per cent last week and London institutions have been stocking up on leading Danish issues and shipping shares, says Citicorp Scrimgeour Vickers.

Norway slowed down last week, rising 1 per cent after 4.4 per cent the previous week, but the bourse kept its place as this year's top performer with a jump of 24.6 per cent. Wage settlements have also attracted investors to Norway, where interest rates are actually expected soon to fall.

The interest rates/inflation scenario proved beneficial for South Africa as investors took refuge in gold. The bullion price picked up, gold stocks gained ground and the market finished the week with a 7.1 per cent gain. The financial rand weakened against the dollar, but was firmer against the pound, thus enhancing gains for the sterling investor.

The Irish market was also helped hy the weakness of sterling against the Irish pound, adding 5.5 per cent. while Australia managed to recoup some of the previous week'e sharp losses, rising 5.1 per cent.

EUROPE

Drops of over 2 per cent reveal high anxiety level

THE Damoclean sword of higher European interest rates cut a swathe through bourses yesterday in the wake of Friday's US discount rate increase and hefty fall on Wall Street, *writes Our Markets Staff.*

ZURICH took a beating, plunging to a low for the year. The Crédit Suisse index lost 14.5, or 2.7 per cent, to 532.12.

The four leading Swiss banks raised their short-term time deposit interest rates on Friday, hy ¼ point to 5½ per cent, and fears of further developments kept institutions and overseas investors sidelined.

Banks were weak, with UBS bearers losing SFr80 to SFr2,980. Crédit Suisse slipped SFr50 to SFr2,650 and Swiss Bank Corp gave np SFr7 to SFr311.

PARIS bounced back a blt in afternoon trading from steep early losses, helped by Wall Street's opening resilience and hy inflation figures for January which came in largely in line with expectations, at 0.4 per cent.

The CAC 40 index lost 33.16, or about 2 per cent, to 1,541.01 and the OMF 50 index gave up 11.73 to 433.93. The market had been off 2.5 per cent before Wall Street's opening.

Features were few and volumes low, exaggerating share price movements. "Most of the dealing has been market makers and traders picking stock up from the bottom," said one analyst in Paris.

Midi was popular before today's shareholders' meeting, when the insurance group's results will be announced and the battle between Axa and Generali for board seats decided. The etock closed FFr11 lower at FFr1,470 hut had been as low as FFr1,445 on profit-taking.

Defence electronics stock Crouzet was the sharpest faller with a loss of FFr37, or 7.9 per cent, to FFr429 on turnover of 5,900 shares.

MILAN fell heavily in thin volume as worries over Wall Street's losses and the rise in the US discount rate touched a raw nerve with Investors already pained hy the domestic political situation. The Comit index lost 7.71 to 578.69 and turnover was thought to be a little above L100bn.

Insurance stocks were hit by fears that the increase in government-fixed tariffs on car insurance – which have not risen for the past two years – would be much lower than the 19 per cent the companies have asked for.

Against the trend, Banca Nazionale dell'Agricoltura climbed L1,040, or 8.6 per cent, to L13,140 hefore being suspended for news that Credito Italiano was negotiating to take a 10 per cent stake. BNA stock jumped 22 per cent last week on speculation of stake-building.

AMSTERDAM ended lower, hit by falls in New York and London and by the dollar's weakness. But positive corporate news from Amro Bank at the start of a week of results, helped to lift the market off its lows towards the end.

The CBS tendency index ended 2 points lower at 161.8 in trading estimated at a low Fl 600m.

Amro rose 30 cents to Fl 80.20 after reporting a 22.5 per cent jump in 1988 net profits and a better than expected 13 per cent rise in dividend from Fl 4.60 to Fl 5.20.

Unilever eased Fl 2 to Fl 126.50 before today's results and Royal Dutch, due to report on Thursday, fell Fl 1.40 to Fl 119.80.

Fokker ended 80 cents lower at Fl 32.60. It rose in early trading on its joint proposal with Britain's GEC to buy Short Brothers of Belfast, hnt the later decline may have reflected concern that it would have to raise capital, one analyst suggested. Fokker also announced an order for eight F-100 planes and four options from TAT, the French airline.

FRANKFURT suffered another very thin day, with prices declining on interest rate worries and all eyes on the Bundeshank council meeting on Thursday.

The market began very weakly but picked up slightly towards the close. The FAZ index fell 6.18 to 535.78 and the DAX index lost 11.24 to 1,276.80 in low turnover of DM2.05bn.

An additional Bundesbank nine-day securities repurchase facility of DM3.9bn, at rates in line with the last pact, caused some surprise, hut traders said it was technical and "neither positive nor negative".

MADRID was nervous after confirmation of the collapse of the merger between Banesto and Banco Central, and the general index fell 1.71 to 270.83.

BRUSSELS saw sharp falls following the third rise in interest rates within a week. The cash market index fell 104.45 to 5,574.84, a fall of 1.8 per cent.

Tourism company Wagons-Lits was one of the biggest losers, dropping 5 per cent, or BFr390, to BFr7,010 in thin turnover of 1,850 shares. Holding company Gevaert also fell 5 per cent to BFr8,000, a loss of BFr420.

STOCKHOLM was slightly easier in a dull session with trading valued at SKr173m.

ASIA PACIFIC

Nikkei's losses stemmed by firmness of yen

Tokyo

THE increase in the US official discount rate on Friday gave the week a discouraging start and share prices turned down sharply, *writes Michiyo Nakamoto in Tokyo.*

After see-sawing throughout the day, the Nikkei average closed with a loss of 166.72 at 32,285.77. The day's high was 32,597.90 and the low was 32,281.30. Declines far outnumhered advances by 577 to 351, and 160 issnes were unchanged.

Volume at 1.2bn shares was lower than the 2.2bn traded on Thursday but still fairly strong for a Monday.

The Topix index of all listed shares dropped 18.27 to 2,468.97 and later in London, the ISE/Nikkei 50 index fell 0.70 to 1,968.43.

Investors had been expecting a rise in the US discount rate sooner or later. Trading began on a sluggish note but Tokyo held up well compared with Wall Street, said Mr Stephen Richardson, head of sales at W.I. Carr. Share prices dropped in the morning and then there was a substantial rebound at mid-day, attributed to dealer activity. "When dealers saw that the market wasn't going to collapse they started pushing it up and then took profits," said one analyst.

On the currency front, the stronger yen was encouraging. Bonds were worse hit by the US discount rate increase but the consensus was that the equity market was still very firm.

Resources stocke were actively sought, mainly as a result of reports over the weekend that some non-ferrous metal companies would be revising their earnings estimates upwards. Mitsui Mining added Y140 to Y1,190 while Mitsui Mining and Smelting increased Y20 to Y910 and Mitsubishi Metal rose Y50 to Y1,030. Teikoku Oil, one of the few companies with its own energy resources, gained Y34 to Y979. These stocks are also promoted as good investments when the danger of inflation increases.

Electricals stole the limelight, with Toshiba topping the most actives list at 64.3m shares. Toshiba, which has been popular for its involvement in the linear motor car husiness, closed np Y10 at Y1,270, after hitting Y1,300 during the day. Fuji Electric, another issue that has gained on the linear motor car theme, followed with 57.2m shares and rose Y50 to Y1,140. Mitsubishi Electric and Sanyo Electric were also heavily traded, with Mitsubishi down Y10 at Y1,160 and Sanyo up Y13 at Y868. Mitsubishi's loss was not too discouraging as electricals could have been more heavily hit by the increase in the US discount rate, analysts said.

Ebara, the pump manufacturer, surged Y200 to Y1,610 on the strength of its anti-pollution equipment.

Nissan Motor climbed to a high of Y1,510 during the day but closed unchanged at Y1,500. Its popularity stemmed from strong sales of a new 1,000 cc car which is said to be selling on the used car market at a premium.

Hitachi Shipbuilding continued lower on rumours that it will be merging with Shin Meiwa Industries, an Osaka-based company, entailing a reduction in capital. The company has denied the rumours but suffered from speculation that a foreign broker held large positions in it. The stock lost Y110 to Y635.

Activity in Osaka was subdued but share prices did not suffer as much of a loss as Tokyo, with the OSE average down 33.10 to 30,454.61. Volume, however, was much lower at 109m shares against 225m on Thursday. Profit-taking pushed recent leaders down but Ebara gained Y180 to Y1,610 while Fuji Electric advanced Y40 to Y1,130.

Roundup

THE STEEP losses on Wall Street on Friday once again sent investors in Asia Pacific markets scurrying for the door, amid concern about the rising trend in global interest rates.

AUSTRALIA succumbed to nervousness about the US markets following the 44-point fall on Wall Street. Anxiety about a possible further decline, combined with programme selling, yesterday left the All Ordinaries index 16.2 down at 1,470.0 in thin trading of 63m shares worth A$112m.

Among heavy industrial losers, Lend Lease shed 26 cents to A$9.74, News Corp lost 20 cents to A$10.70 and ICI fell 10 cents to A$6.28, while transporters Brambles and Mayne Nickless lost 10 cents to A$10.80 and 8 cents to A$5.52 respectively.

Resources stocks were also generally weaker. However, Comalco ended unchanged at A$3.83 after announcing record profits of A$393.5m which were above most market expectations, according to brokers BZW Meares.

HONG KONG finished steeply lower following Wall Street's losses on Friday but bargain-hunting helped to trim the worst of the fall. The Hang Seng index ended 50.05 points, or 1.6 per cent, lower at 3,064.18. Volume eased to HK$1.34bn from HK$1.46bn on Friday.

Most sellers appeared to be domestic, with foreign investors playing little part in trading.

Trading in Kwong Sang Hong, a local property developer and investment company, remained suspended. It has received a conditional HK$1.44bn cash offer from Cheung Kong.

WELLINGTON tumbled as the fall on Wall Street undermined confidence already shaken by losses at Bank of New Zealand and NZI Corp. The Barclays index fell 53.31 points, or 2.7 per cent, to 1,900.49, leaving it 9.4 per cent below its 1989 peak of 2,098.00 reached on February 10.

SINGAPORE declined in line with falls on leading world markets. The Straits Times industrial index lost 14.99 to 1,120.22 in active turnover of 56m shares.

SOUTH AFRICA

THE rise in the price of bullion to more than $390 an ounce inspired gold ehares, which closed higher in Johannesburg.

Vaal Reefs rose R5.50 to R301.50 and Randfontein R5 to R230. In platinums Impala fell 75 cents to R39.75 ex-dividend.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood *Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries*

NATIONAL AND REGIONAL MARKETS	FRIDAY FEBRUARY 24 1989					THURSDAY FEBRUARY 23 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	138.22	-0.6	116.89	111.49	4.82	139.06	117.14	111.33	157.12	91.16	98.32
Austria (18)	100.78	+0.2	85.23	95.64	2.57	100.61	84.75	95.17	100.78	83.72	87.02
Belgium (63)	133.51	-0.6	112.92	126.60	4.08	134.31	113.14	127.02	139.89	99.14	123.69
Canada (125)	131.35	-1.0	111.09	113.99	3.34	132.62	111.71	114.80	137.27	107.06	115.51
Denmark (39)	170.38	-0.9	144.10	164.71	1.79	171.93	144.83	165.56	180.38	111.42	117.81
Finland (26)	144.81	-1.3	122.47	129.56	1.39	146.70	123.57	131.30	147.07	106.78	115.95
France (130)	114.19	-0.2	96.58	111.28	2.92	114.45	96.41	111.62	119.98	72.77	88.18
West Germany (102)	84.36	+0.9	71.35	79.95	2.35	83.59	70.41	79.20	90.40	67.78	77.61
Hong Kong (44)	131.17	-0.2	110.93	131.34	3.64	131.38	110.67	131.56	133.77	84.90	91.63
Ireland (17)	145.82	-0.4	123.32	140.68	3.66	146.46	123.38	140.78	146.46	104.60	114.24
Italy (98)	81.17	-1.8	68.65	81.59	2.47	82.67	69.64	82.73	86.88	62.99	73.72
Japan (456)	200.03	+0.0	169.17	159.63	0.47	200.11	168.57	159.63	200.11	133.61	160.94
Malaysia (36)	159.44	-0.2	134.85	167.64	2.57	159.79	134.60	167.85	159.79	107.83	113.32
Mexico (13)	159.30	+0.6	134.73	405.82	1.26	158.29	133.34	405.85	182.24	90.07	149.96
Netherland (39)	113.95	-0.2	96.37	107.01	4.73	114.19	96.19	107.13	115.04	95.23	101.51
New Zealand (24)	72.38	+0.3	61.22	61.45	6.30	72.15	60.77	61.12	84.05	63.32	66.30
Norway (26)	167.75	+0.0	141.88	151.93	2.07	167.73	141.29	151.79	170.76	98.55	111.32
Singapore (26)	143.43	-0.1	121.31	127.44	2.09	143.58	120.95	127.44	143.62	97.32	104.17
South Africa (60)	130.78	+1.4	110.61	112.55	4.21	128.93	108.61	111.61	139.07	98.26	125.36
Spain (42)	145.12	-0.1	122.74	125.77	3.83	145.34	122.43	125.85	164.47	130.73	136.23
Sweden (35)	154.72	+0.2	130.85	143.72	2.15	154.44	130.09	143.41	154.80	96.92	109.47
Switzerland (57)	76.67	-0.4	64.84	73.98	2.33	76.96	64.83	74.03	86.75	74.13	82.74
United Kingdom (314)	148.18	-0.2	125.33	125.33	4.38	148.47	125.07	125.07	152.54	120.66	129.73
USA (568)	117.07	-1.6	99.01	117.07	3.69	118.92	100.17	118.92	121.90	99.19	107.07
Europe (1006)	118.36	-0.2	100.10	106.84	3.60	118.57	99.88	106.77	120.88	97.01	104.24
Nordic (126)	152.50	-0.4	128.98	138.35	1.94	153.07	128.94	138.65	153.81	98.11	107.81
Pacific Basin (675)	194.61	-0.1	164.59	156.21	0.67	194.72	164.03	156.21	194.72	130.81	155.76
Euro-Pacific (1681)	164.07	-0.1	138.76	136.65	1.53	164.22	138.34	136.62	164.22	120.36	135.17
North America (693)	117.82	-1.5	99.65	116.91	3.66	119.64	100.78	118.69	122.71	99.78	107.51
Europe Ex. UK (692)	99.94	-0.2	84.52	95.37	2.94	100.10	84.32	95.42	103.11	80.28	88.39
Pacific Ex. Japan (219)	129.78	-0.4	109.76	113.04	4.27	130.25	109.72	112.99	137.65	87.51	93.39
World Ex. US (1879)	162.60	-0.1	137.52	135.79	1.60	162.77	137.11	135.77	162.77	120.26	134.40
World Ex. UK (2133)	144.87	-0.6	122.52	129.92	1.99	145.69	122.73	130.60	146.04	111.77	123.26
World Ex. So. Af. (2387)	145.24	-0.5	122.83	129.59	2.20	146.03	123.01	130.19	146.65	113.26	123.81
World Ex. Japan (1991)	118.69	-0.9	100.38	113.49	3.67	119.82	100.93	114.45	122.37	100.00	106.03
The World Index (2447)	145.15	-0.5	122.76	129.48	2.21	145.92	122.92	130.07	146.51	113.37	123.82

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).
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